





## HOME NEWS

# Police commissioner will be sued for compensation, lawyers for family of Blair Peach say

By Nicholas Timmins  
Sir David McNee, Metropolitan Police Commissioner, will be sued for compensation by the family of Mr Blair Peach, the family's lawyers said yesterday. An inquest verdict on Tuesday said that Mr Peach died by misadventure.

The action could prove to be just one of many arising from the verdict, with its riders, produced by the nine-member jury after an 18-day hearing.

Actions for libel are being considered by some of the special patrol group officers who gave evidence at the inquest. A police investigation still under way may lead to contempt proceedings or charges of criminal libel against members of the Friends of Blair Peach Committee, which published during the week before the inquest a poster naming six officers in the group as "wanted for the murder of Blair Peach".

The Peach family lawyers are also seeking counsel's opinion to decide whether to apply for the verdict to be quashed on the grounds that the jury was misdirected.

A Thames Television item broadcast during the hearing and which included allegations about the conduct of the police inquiry into Mr Peach's death has been referred to the Attorney-General.

Scotland Yard said yesterday that some outstanding disciplinary matters in connexion with the police inquiry into Mr Peach's death would be taken up. It refused to discuss individual cases, but the inquest was told that four officers had been transferred from the special patrol group as a result of the police inquiries and a fifth was still suspended.

The Peach family lawyers said: "We are proceeding on the instructions of the family on behalf of the estate to take civil proceedings against the commissioner for compensation because it was 'killed' and 'freed speech' the right to demonstrate, RIP".

After a senior Scotland Yard officer had told the group that a demonstration outside Scotland Yard was not allowed because it was within one mile of the Palace of Westminster, two members of the group were permitted to lay the wreath outside the entrance to the Yard. A police van drew up after 10 minutes and the wreath was removed.

The Police Federation said that some officers were "very aggrieved indeed" about events since the Southall demonstration against the National Front when Mr Peach died.

Any action would have to await the outcome of the police investigation into criminal libel, but the officers were free to consult the federation's legal advisers and if they were advised there was a libel case the federation would finance it.

Mr James Jardine, chairman of the federation, said: "People who attempt to undermine the morale of the police by making wild accusations must realize that we will not stand back and do nothing".

The National Council for Civil Liberties renewed its demand for a public inquiry into policing methods at Southall on similar lines to that held by Lord Justice Scarman after the death of a demonstrator at Red Lion Square, London, in 1974.

There will be calls for a debate when Parliament re-assembles. In New Zealand, Mr Peach's brother, Roy, a solicitor, said that the verdict of misadventure was inappropriate. "Misadventure arises where an act which is lawful in itself leads to the accidental death of another person", he said.

"In all the evidence given at the inquest, there was no evidence of a lawful act which my brother was the accidental victim. A number of witnesses said that they saw Blair killed by a policeman in circumstances which pointed to the act being unlawful".

Mr Albert Spanwick, general secretary of the Confederation of Health Service Employees, said after a meeting of the union's national executive yesterday that the breakdown in the day's work had been a "difficult position for six years".

"I welcome the Prime Minister's speedy response to our request for a meeting. I stress that I do not expect instant solutions, but I do want her to authorize the management side to reach agreement with us to protect the health service."

The executive also decided that the outcome should be referred for a decision to the annual delegate conference at Blackpool in two weeks.

Mr John Baldwin, general secretary of the AUEW construction section, indicated yesterday that, provided Tuesday's "intimidation" was not repeated, he would take part in talks. But he gave warning that the GMWU would "have to accept we have got to have a fair wages structure for all skilled men".

Mr Baldwin said that the Central Electricity Generating Board had acceded to the requests of craft unions to introduce fairness into the wages structure. How can you then blame the CEB for doing what the craft unions asked them to do?

He said he was willing to meet other unions "at any place and at any time".

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## Nurses look to today's talks for pay protection

Annabel Ferriman  
Health Services Correspondent

Mr Patrick Jenkin, Secretary of State for Social Services, and Dr Gerard Vaughan, Minister for Health, are to be present when Mrs Margaret Thatcher meets nurses' representatives at Downing Street this morning. The meeting was arranged when talks in the Nurses and Midwives' Whitley Council broke down on Tuesday because the management side refused to increase its 14 per cent pay offer.

The nurses are demanding equal treatment with the doctors who received a 31 per cent increase this month, including an 18.7 per cent element for inflation this year and a 10.7 per cent increase from two years ago.

They asked the Prime Minister to intervene when they were told that they would have to stay within the Government's 14 per cent cash limit. It was made clear yesterday that today's meeting would not be a negotiating one.

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## Ex-MP tells of oil sanctions-busting leak

By Fred Emery

The Cabinet of Mr James Callaghan were "cowed" and embarrassed in 1976 when Cabinet papers were inadvertently passed by the Foreign Office to the Bingham inquiry into the violation of British oil companies of Rhodesia sanctions. Dr David Owen, then Foreign Secretary, had to apologise.

And a former senior civil servant strongly repudiated suggestions that Ministry of Power officials in 1966 had worked to circumvent effective action against sanctions-busting being advocated by Mr George Brown (as he then was) the Foreign Secretary.

That emerged yesterday in reactions elicited to revelations made by Mr Brian Sedgmore, former Labour MP, Parliamentary Private Secretary, and author of the new book *The Secret Constitution*.

In his discussion of the Bingham episode, Mr Sedgmore reveals how the Wilson Cabinet Documents of 1966-70 had been erroneously passed by the Foreign Office to the Bingham inquiry. They ought not still to have been in Foreign Office files but to have been returned

to the Cabinet Office, he writes, correctly. However, I understand that the fuller reason for the Foreign Office mistake rests with firm instructions given by Dr David Owen.

Dr Owen declined to make public comment yesterday on the book. But the former foreign secretary, warning all and sundry, apparently, against cover-up, is said authoritatively to have given instructions that his department's cooperation with Mr Thomas Bingham, QC, was to be total.

The problem was that Dr Owen also was unaware that Cabinet documents remained intermixed with his departmental files. Everything pertaining to the Cabinet in the Foreign Office file was thus perused.

Nothing of the 1970-74 Conservative Cabinet was passed to Bingham, which suggests that either no documents were made, given the Conservative lack of interest in sanctions, or that they were properly returned to the Cabinet Office. The latter is thought to be unlikely, but as Mr Sedgmore noted the official reason "remains obstinately unwavering".

In further disclosures about top secret contingency plans in Whitehall for industry, Mr Sedgmore reveals in a diary entry for January 13, 1976, schemes prepared by the Civil Contingencies Unit for application should there be difficulties with the national electricity grid.

If we get a repetition of the unofficial action we had before Christmas there will be a serious shortage of electricity. It is likely that the three-day week, marginally above that we get operation, crashstopper at 50 per cent capacity with all domestic heat and light cut off all the time and shops and small businesses closing. After that comes total disaster and operation ceases.

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In another passage commenting on Ministry of Power documents which the book says were not made available to the Bingham inquiry, Mr Sedgmore makes the following observation which yesterday brought an indignant repudiation from Mr Barrington Powell, now executive director of the Welsh Development Agency.

"There is a remarkable minute on one of the files with a November, (1966), date on it from the assistant secretary, Mr Powell, to the under secretary, Mr Beckett. That referred to a proposal by the Foreign Secretary."

The Foreign Secretary's proposal was to make the main oil companies criminally liable for breaches of sanctions busting by their subsidiaries. According to Mr Sedgmore, had this been done then it is likely that the directors of Shell and BP in London would have soon seen to it that their subsidiaries played no part in sanctions busting.

Mr Powell, contacted yesterday at the Welsh Development Agency, was indignant. Commenting on the recurrent references to him in the report he said: "I was I came out of it. I said I did not carry his head minutes from ago."

But he pointed out had appeared for a day before the inquiry, and had examined on all the documents put to him by Mr Sedgmore. He denied the book that the Ministry documents had not been to the Bingham inquiry.

"I'd formed the idea they'd seen the book. He denied the book that the Ministry documents had not been to the Bingham inquiry. He denied the book that the Ministry documents had not been to the Bingham inquiry."

As regards the matter in the book, said he could not be asserted "it was no mine to stop the Foreign Secretary anything the oil companies used."

He insisted: "We do it right; we read."

Mr Benn, accused Sedgmore's diary, impressed by Whitehall's civil planning. "He comes on how useless his own lies in a dispute with the oil companies of the relations and they are creature employers."

He is contemptuous belief that the always the answer failure to consider the complexities of the secret. The Secret Constitution Analysis of the Political mind, by Brian (Hodder, 7.95).

Book review Nuclear bait

## Windscale blast warning 'unfounded'

By Peter Hennessy

Whitehall warnings that "a critical nuclear explosion" would take place at the British Nuclear Fuels plant at Windscale, Cumbria, unless troops were broken, Mr Benn, accompanied by Mr Sedgmore, flew to Cumbria. He discovered that there was no safety risk and no imminent danger of explosion. The plant had three back-up systems that could be used if nitrogen was not available.

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## Charter flights disrupted at Manchester

By Our Political Reporter

Charter flights from Manchester were transferred to Speke and East Midlands airports yesterday when 80 ground workers employed by Servisair walked out on indefinite strike. The strikers, members of the Transport and General Workers' Union, said they would stay out until management agreed to go to arbitration over their pay claim.

The workers handle cargo, clean aircraft and tow them rejected a 21 per cent offer, across the tarmac. They have rejected a 21 per cent offer. They say their action could spread to other Servisair workers at Newcastle upon Tyne, Glasgow and Belfast.

About 18 charter flights were transferred from Manchester but scheduled services were not affected. The walkout came after two supervisors helped aircraft to leave Manchester on Tuesday during a 24-hour stoppage.

A mass meeting agreed unanimously on the indefinite strike. Officials representing 1,300 other manual workers at Manchester airport are considering a ban on Britannia Airways, because the captain and crew of the Britannia charter aircraft carried out their own security checks on passengers during Tuesday's stoppage.

The "anachronistic" women's section should be abolished replaced by a proposition of places reserved for women in both the union and constituency sections, the coordinating committee says.

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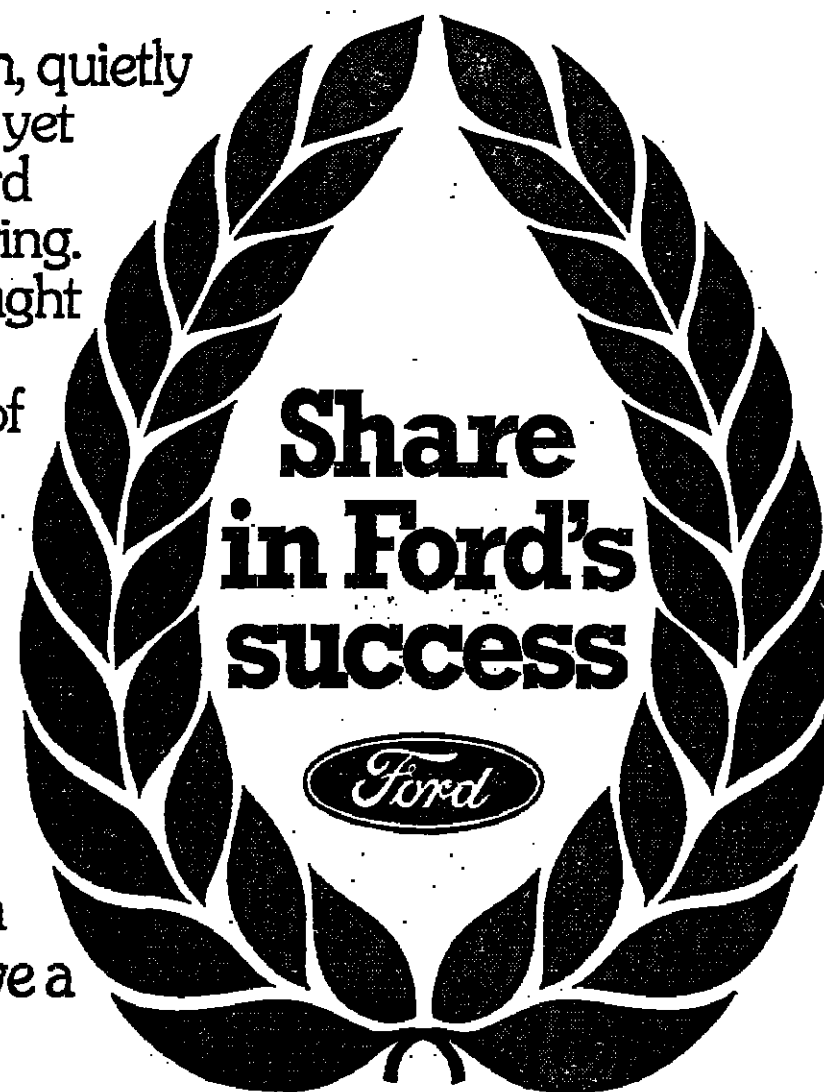
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**FORD GRANADA**

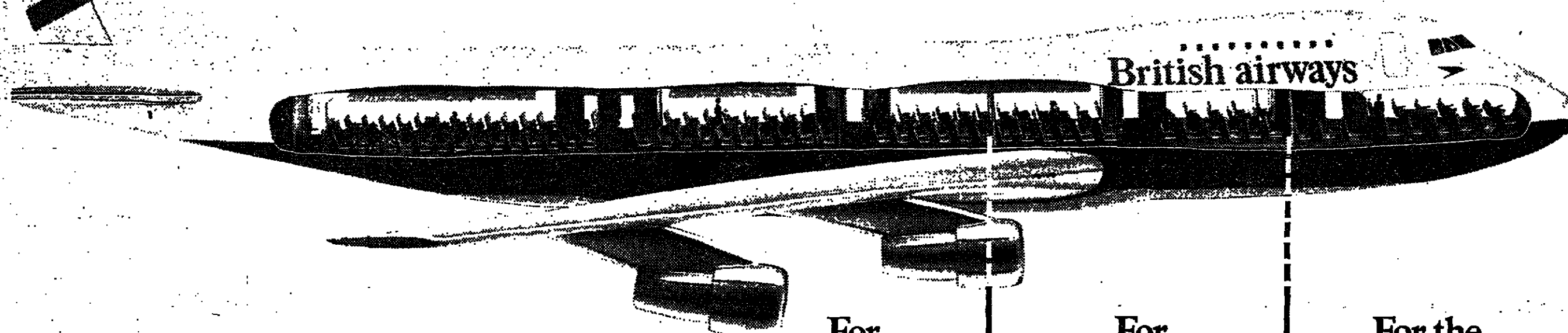








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Reduced rates for children		✓	✓
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Free eyeshades and slippers		✓	✓
Hot towels		✓	✓
Armchair comfort and luxury ambience			✓
Guaranteed seat		✓	✓
Immediate booking facility		✓	✓
Advance booking facility		✓	✓
Ability to change or cancel reservation		✓	✓

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HOME NEWS



The Prime Minister (left) inspecting a waxwork of herself by Ian Hanson during a visit to Madame Tussauds yesterday.

Pollution by metals 'is greater than supposed'

From John Young, Planning Reporter

Soil and atmospheric contamination by heavy metals is far more widespread than has hitherto been supposed and in some places it is more concentrated, a report to be published later this summer will show.

The report, which covers all the West Midlands metropolitan counties, is the first investigation of a region as opposed to specific sites. It will show that in more than five per cent of the country, or some 50 square kilometres, lead levels in the soil are above those regarded as acceptable by the Ministry of Agriculture.

The study has been carried out by Dr Robert Pocock and Mr Richard Haines, of the joint unit for research on the urban environment, at the Aston University. Dr Pocock, who was in Coventry yesterday to address an international conference on environmental planning and control, told *The Times* that in the last 18 months they had taken 360 soil samples from 20 areas, ranging from concentrated industrial zones to open country. They had also used moss bags "to measure atmospheric pollution."

He emphasized that the report was not intended to be alarmist. Little was known

Backing for animal welfare Bill

By Pearce Wright, Science Editor

Two of the main animal welfare groups threw their weight yesterday behind the Laboratory Animals Protection Bill, which goes to the committee stage in the House of Lords on June 26.

This support for the proposed legislation followed publication of evidence gathered by a Lords select committee convened after the first draft of a Bill had been presented by Lord Halsbury. Revised proposals from the select committee embrace a wider ranging reform.

Although the recommendations fall far short of the abolition of animal experiments, the new measures provide regulations covering licensing, control, monitoring and accountability radical enough to command the support of the British Union for the Abolition of Vivisection and the Committee for the Reform of Animal Experimentation.

However, within the animal welfare societies there are strong opponents of the revised Halsbury Bill and of another introduced into the Commons by Mr Peter Rye, Conservative MP for Wellingborough, as the Protection of Animals (Scientific Purposes) Bill.

The object is to replace legislation introduced in 1976 under the Cruelty to Animals Act.

Neither Bill is expected to reach the statute book, but Lord Houghton of Sowerby, a member of the Lords select committee, believes the Halsbury Bill will have a beneficial effect on animal welfare societies there are pass through the House of Lords and provide a basis for Government legislation.

"He explained the select committee's view at a meeting with the two animal welfare groups yesterday. It was not considered realistic, he said, to stop all animal experiments at present, he said, but the committee recognized that ethical problems remained.

Cost of Channel tunnel may be underwritten by EEC

By David Nicholson-Lord

The prospect of the EEC underwriting the capital cost of a Channel tunnel project if there were a shortage of private investment funds was held out yesterday by Mr Hugh Reed, a senior European civil servant.

At a symposium on the plans being put forward for the tunnel, organized by the British Road Federation, doubts were also cast on the financial projections advanced by supporters of the scheme on the grounds that they were likely to prove unrealistically optimistic.

The possibility of EEC guarantees was cited by Mr Reed, principal administrator in the commission's directorate, as a last resort. Despite the high returns promised, there might be difficulties in raising private money for a large project with a long "pay-off" time.

In view of the tunnel's benefits to the EEC, guarantees

WEST EUROPE

The Eight disagree on how to act as Mr Walker affirms British veto on EEC farm price proposal

From Michael Hornsby, Brussels, May 28

Britain's EEC partners were at variance here tonight over how to respond to the British veto on this year's Community farm price settlement, which was reaffirmed by Mr Peter Walker, a leading agricultural minister of the Nine.

Britain's ability to deny Continental farmers the 5 per cent increase which the other eight members have approved is regarded by Mrs Margaret Thatcher as her main trump in her campaign to secure a large reduction in the British contribution to the EEC budget.

Despite appeals from other members, M. Pierre Méhaignerie, the French Agriculture Minister, insisted that France would go ahead with temporary national measures from June 1 to support its farmers if the British could not be persuaded to lift their veto.

In a private meeting with M. Méhaignerie, Herr Josef Ertl, the West German minister, was understood to have urged France not to take this step, the grounds that it would put other governments under pressure from their farming lobbies to follow suit.

The Irish, Dutch, Belgians and Danes also expressed alarm over the implications of the French move, which would be designed to raise the incomes of French milk and beef producers by an amount equivalent to what they would secure under a 5 per cent EEC farm price increase.

The French have indicated that this would be achieved mainly by value-added tax rebates and direct subsidies. The cost of the measures would be met from national funds and would last until the price package was adopted.

Particular concern was expressed by the Irish, who said that if national measures became the order of the day in the agricultural sector, Ireland could not possibly hope to compete with richer member states. Irish officials said the cost of national aid would be proportionately heavier for Ireland because of its greater dependence on agriculture. They also argued that resort to national aid would play into Britain's hands, since the British wanted to see Community expenditure on agriculture limited.

In an attempt to stay France's hand, Mr Finn Olav Gundelach, the EEC Commissioner for Agriculture, suggested that member states should agree on a farm price package this week, but suspend implementation for two or three weeks while further efforts were made to resolve the budget dispute.

Calm reaction in Bonn to Amnesty charge

From Our Own Correspondent, Bonn, May 28

The West German Justice Minister has reacted calmly to criticism by Amnesty International of the conditions in which terrorists are kept in German jails.

A statement by the ministry did not dispute the conditions of isolation or, in some cases, sensory deprivation in which Amnesty said some politically motivated criminals were held, or that these cause physical and mental ailments ranging from dizziness to hallucinations.

It pointed out that the comments of the Amnesty memorandum were not based on actual observation by Amnesty in German prisons. Amnesty, it said, had also omitted to mention that the European Human Rights Commission had declared in 1978 that the conditions in which the three leaders of the Red Army Faction were held did not violate the European Convention for Human Rights or West German laws.

Hamburg wins case to keep broadcasting group intact

From Patricia Clough, Bonn, May 28

Social Democratic Hamburg today surprisingly won its legal battle to stop Christian Democratic Lower Saxony and Schleswig-Holstein breaking up the three-state North German broadcasting corporation, the Norddeutscher Rundfunk.

After protesting strongly at the left-wing bias in the NDR, Herr Gerhard Stoltenberg, the Schleswig-Holstein Prime Minister, had served notice of withdrawal on the court. Herr Ernst Albrecht, of Lower Saxony, drew up plans for a two-state corporation, leaving the city-state of Hamburg to fend for itself.

Hamburg rejected offers to join on the grounds that the corporation amounted to government-controlled broadcasting, and also because, for the first time in West Germany, it opened the way for commercial radio.

The contract had been signed by the two Christian Democratic states and given the first reading in their respective parliaments when the Federal Administrative Court, to which Hamburg had appealed, today shattered their plans.

Schleswig-Holstein, it ruled, was entitled to withdraw at the end of this year, as announced. But it rejected the Christian Democratic argument that the withdrawal implied the dissolution of the NDR. It would have to continue, supported by Hamburg and Lower Saxony.

The three Prime Ministers drew up afterwards. Herr Hans-Joachim Kluge, Hamburg's Burgomaster, delightedly and others regretfully that they would now negotiate about NDR's future. Herr Stoltenberg indicated that Schleswig-Holstein did not intend to stay out.

Herr Albrecht said that Lower Saxony might formally withdraw from the NDR in 1985 if the negotiations did not produce satisfactory results.

Suárez denial of seeking coalition with Communists

From Harry Debelius, Madrid, May 28

The parliamentary debate here on a motion of censure degenerated today into a round of personal accusations and bitter exchanges.

Señor Santiago Carrillo, the leader of the Spanish Communist Party, claimed that Señor Adolfo Suárez, the Prime Minister, had once proposed to form a coalition with the Communists. Señor Suárez denied that such a coalition was ever a possibility or that conversations between him and Señor Carrillo were intended to that effect.

The speech on the motion by Señor Felipe González, leader of the Spanish Socialist Workers' Party, was long delayed because of a sharp exchange between Señor Alfonso Guerra, a Socialist, and Señor Rafael Arias Salgado, the Minister of the Presidency, in which charges of corruption, negligence, unconstitutional activities and undemocratic attitudes were bandied back and forth.

The political significance of the debate—this, the first time a motion has been presented under the 1978 constitution—caused it to be broadcast on radio and television.

Policeman dies in Rome revenge murder

Continued from page 1

Clearly wanted to strike also at the trade union movement of which he was an authoritative representative.

Responsibility has been claimed in a anonymous telephone call by the Red Brigades terrorist group for the killing.

The policeman killed in Rome, Signor Franco Evangelista, was known for his flair and courage in successful dealings with the underworld. He was killed while sitting in a car outside a Rome high school on an anti-drug patrol. He was struck repeatedly and without warning and was dead before reaching hospital.

Responsibility for the killing was claimed in a telephone call to a Rome newspaper by the Revolutionary Armed Nuclei a terrorist group of the extreme right which had further claimed responsibility for some four killings and 29 wounding.

They said that they had killed Signor Evangelista as a protest against the death of one of their number, Francesco Cecchin, who died a year ago today from injuries received by falling from a wall. His associates maintained that he had been pushed by political adversaries.

The police arrested in Rome last night three suspected members of the Red Brigades, including a woman and a Frenchman. A total of 320 people are being held either as members of the Red Brigades or awaiting trial.

Pope sees 'growing pains' in France

From Charles Hargrove, Paris, May 28

Those Roman Catholic traditionalists who hoped the Pope would bring the French bishops back to the fold of the Church have been disappointed by the pope's criticism of the Church in France and the tendency of some clerics to identify Christianity with the class struggle, will be as disappointed as the progressive by his television message last night.

In it he described his pastoral visit, which begins on Friday, as an honour, but above all a duty and a responsibility.

As *Le Quotidien de Paris* put it today: "Pope John Paul II comes neither as a policeman nor as a surgeon to excise a cancer, but as a family doctor for a routine visit. He comes as a doctor of the Faith with his formidable assurance, and that extraordinary mystic aura which French Catholics, their clergy and their bishops need."

His message placed subtle emphasis both on the historic role of French Catholicism—he revived the rather obsolete description of "eldest daughter of the Church"—and on its present difficulties, which he euphemistically called "growing pains."

France, he said, was the land of so many saints, philosophers and theologians, which have enriched the heritage of the universal Church; but also of a Catholicism that found itself "in a special situation," which he ventured neither to define nor to judge, at least not at this stage.

Leniency in pastis deaths case challenged

From Ian Murray, Paris May 28

Families of three people who died last year from drinking poisonous blackmarket pastis today appealed against the lenient sentences just given to members of the gang which produced it.

Their aim is to discourage the trade in the adulterated drink said their lawyers. This is known by police to be widespread throughout the "golden triangle" which lies between Marseille, Montelimar and Montpellier in southern France.

The making and selling of the pastis is almost a traditional craft in the region, despite the fact it is naturally banned by law. The drink, depending on how it is made, is not necessarily poisonous and is drunk confidently by some of the people who make it.

At the end of the last year it killed hundreds of Americans, many of whom found it in plentiful supply after the south of France landings.

The main ingredients to make the drink are aniseed, alcohol and fresh water. The aniseed, which provides the flavour, is not legally available in France, although it was distilled under strict controls until 1950 only in Grasse, from the fruit of the Chinese anise tree. Nowadays, however, it is freely available in 200 kilogram drums in Switzerland where it is bought and split into small packages by the smugglers who bring it into France.

The alcohol is usually bought cheaply in Spain. It is often French-made wine alcohol which has been withdrawn from the national market and sold abroad at prices lower than those of the region where it is made.

The water comes from the nearest tap.

The total cost of about 15 francs (about £1.50) a litre. It sells at up to 35 francs a bottle, well below the market price for brand-name pastis, the traditional drink of Provence.

Occasionally, however, somebody tries to cut costs even further by buying wood alcohol and the result is a poisonous drink. This happened last autumn and as a result the three people died and many others needed hospital treatment.

Police traced the drink to a petrol station beside the Far West Restaurant on the Route Nationale 7, at Digne, where M. Edmond Brouchoud, a truck driver, supplied off 200 litres from his load of methanol and sold it to the local pastis network, headed by M. Yvon Giner, M. Robert Dupeyre and M. Joseph Sasso.

When the first death occurred last autumn the gang were so frightened that they poured most of the rest of their stock into the Rhône. A small amount remained, however, and a young couple who had been keeping a bottle of it died. M. Brouchoud was said to be normally a sober and law-abiding man, but he had been incapable of resisting the alcohol he offered for sale was dangerous. M. Giner was said to be making money from illicit liquor sales and M. Dupeyre pleaded that since he was already declaring for income tax 800,000 francs legally earned each year he had no need to involve himself in a criminal enterprise.

The police did not ask for severe sentences.

Mr Johannes Ambre, for the defence, drew attention to the danger of the illicit pastis trade in the region. The case was really "a collective one" and it would be wrong to convict the entire region, he said.

Mr Jean Lombard, representing the French pastis trade, was concerned that bad publicity might damage its image.

In the end the sentences varied from 30 months in jail to a 20,000 franc fine for M. Giner and M. Dupeyre for four months suspended sentences.

OVERSEAS

Mr Reagan considers running mates after landslide in primaries

From Patrick Brogan, Washington, May 28

Mr Ronald Reagan and President Carter won landslide victories in four primaries held yesterday. By every count Mr Reagan has more than a majority of delegates to the Republican convention, while Mr Carter is within a handful of votes of his own majority.

Talkies of delegates won so far vary according to the various newspapers preparing them, because there are different ways of counting. The *Washington Star* counts gives Mr Carter 1,644 delegates, just short of the 1,660 needed to win nomination. Senator Edward Kennedy has 845 delegates.

The same count gives Mr Reagan 1,038 delegates, and in addition 45 delegates elected to represent Mr George Bush who have switched allegiance since Mr Bush withdrew from the race on Monday. Mr Reagan needs 998 votes for the nomination and is now home and dry.

The primaries yesterday were in Kentucky and Nevada for both parties, in Arkansas for the Democrats and Idaho for the Republicans. Idaho Democrats also conducted a "popularity poll" which Mr Carter won easily. Idaho's delegates to the Democratic convention were chosen earlier this year in state caucuses.

Mr Gerald Ford, the former President, announced yesterday that he would support Reagan's candidacy. Now that Mr John Anderson has left the party to run as an independent, the Republicans are solidly united behind Mr Reagan.

He no longer has to campaign in any of the remaining primaries, which are all to be held next Tuesday, although he will probably make some appearances, at least in California.

When the primaries are out of the way, he intends to speak at a series of "unity dinners", together with the candidates he defeated, to raise money for the party and the vanquished.

They all have considerable debts from their unsuccessful campaigns, and Mr Reagan will ensure their eternal gratitude by helping them to pay off. Meanwhile, some of his assistants have begun to canvass opinion in the party on the person to whom the "unity dinner" should be run with him as vice-presidential nominee.

Mr Reagan was asked on Monday whether he would consider Mr Bush for Vice-President. He declined the question, as he has declined all questions about the vice-presidency throughout the campaign, saying that he excluded nobody.

His staff has said that two

Mr Nixon is heard again with expletives undeleted

From David Cross, Washington, May 28

Mr Richard Nixon, the former President, and members of his White House staff appeared in Washington today to replay their roles in the Watergate scandal.

For the first time since they were aired in a Washington courtroom five years ago, the tape-recordings which led to Mr Nixon's resignation were made available to the public, by the National Archives.

In a panelled reading room in the neo-classical building on Pennsylvania Avenue, which also houses such historic documents as the United States Constitution and the United Nations Charter, a small group of Watergate enthusiasts compared the voices of the participants to the transcripts that have long been available to the public.

Mr Frank Smist of Springfield, Massachusetts, was up 3.30 on this morning to ensure that he was first in line to hear the tapes.

A student of political history at Washington's George Washington University, he said that though he had read the transcripts he was interested in getting at the original sound.

Apart from "murmuring" and "expletives" will be heard. He commented in reference to the omission of the transcripts of some of the more colourful phrases as Mr Nixon and his associates their White House conversations.

The Queen finds 'heart warming'

Melbourne, May 28—About 100,000 cheering spectators lined the streets as The Queen arrived in Melbourne on the last day of her five-day tour of Australia.

Office workers hurled streamers and waved flags as the Queen, the Duke of Edinburgh drove into the heart of Melbourne to open a new city square.

The Queen, who frequently paused to chat to people and accept bouquets, was cheered when she told the crowd at the ceremony: "Nothing could be more heart warming than to be back among a Melbourne crowd."

The Queen, on her seventh visit to Australia, leaves Melbourne for London tonight after a round of official engagements.

African leader shun uninvited ruler of Liberia

Lomé, Togo, May 28—Sergeant Samuel Doe, a military ruler of Liberia, has been shunned today after barred from a West African summit in Togo.

Sergeant Doe was shunned other members of the 16-nation West African Economic Community. A protest against a coup that brought him to power last month, when President William Tolbert was killed, was chairman of the organization of African Unity (OAU) at the time.

Sergeant Doe arrived Lomé unarmed, wearing a hat and a pistol, according to colleagues, angered by Gassimbe Eyadema of Cameroon.

California earthquake felt hundreds of miles away

From Ivor Davis, Los Angeles, May 28

Another strong earthquake, measuring 6.1 on the Richter scale, struck in California's Mammoth resort area early yesterday and was felt several hundred miles away in San Francisco and Los Angeles where lights swayed in skyscrapers.

It was the third severe felt the area has had in the past three days. Although this latest earthquake caused big rock slides, damage was comparatively minor, although seven people were injured and treated mostly for cuts and bruises as a result of falling rocks.

However, in a park in Visalia, some 90 miles from the epicentre, a priceless statue toppled and shattered.

Both of Sunday's earthquakes registered six on the Richter scale. Today Professor



OVERSEAS

# Castro as means pressure on US

eter Stratford  
May 28  
are still thousands of leaving the port of for Florida, and there more than 250 others in the American diplo- mission in Havana. They outward signs of the waged by President to extract concessions a United States.

nd over again, in street rations in posters and spacer cartoons, the adership is hammering the three big issues wants to bring into its ons with the Ameri- United States military suantanamo, in the east skand, American over- and the economic

it is given some satis- on these points, the p is continuing to keep ch pressure as possible ent Carter. It is piling s into the boats which e to Mariel from though they have stopped arriving in ys — and it is keeping an mission sealed off ips.

merican diplomats are io in and out of the, all, modern building decon, Havana's water- the would-be emi- side, who have been e May 2, when they e after being attacked have to stay there for eing arrested if they

ne Smith, the head of, told me that they ding on fine" with food and water. There for the women and and many of the men sping on cardboard

ited States was in no come to terms over n, Mr Smith said. But no one's interest to situation to continue y.

an demands for far-egotiation with the res cover issues that ranking with them they are the culmina- e series of events an April 4, when

the Cuban authorities suddenly removed the guards which had been keeping would-be emigrants away from the Peruvian Embassy.

More than 10,000 Cubans immediately poured into the Em- bassy grounds, revealing the discontent which had been simmering under the surface in Cuba. It was an embarrassing event for Dr Castro and his col- leagues but they tried to turn it to their advantage by direct- ing the flow to Florida, knowing that it would cause difficulties for the Americans.

They have attempted to whip up feelings of national solidarity with denunciations of "Yankee imperialism". Posters carry a portrait of Dr Castro and the slogan: "We shall never sur- render", and there are calls to "remember the Bay of Pigs".

All over Havana, run-down and seedy these days but still a beautiful city, there are posters denouncing the "scum" and declaring: "Let them go". Many houses have comments like: "Traitors and worms live here" painted on them, and I saw one which even gave a "traitor's" name and the floor on which she lived.

People are not leaving because they are destitute. Havana is free of the abject poverty to be seen in many other parts of Latin America. They are leaving, it seems, because they cannot stand the stifling regimentation of the communist regime, the continuing austerity, and the absence of any prospect that things will improve, particularly now that there are economic difficulties.

Many of those staying behind discuss the phenomenon coolly and rationally. Those I have spoken to casually, at bus stops and elsewhere, have been guarded in their comments about "the system", but freely concede that it is because of the system that many people want to go.

Most of them mention their families as reason for staying. One shipping clerk said that in Cuba there was equal pay for equal work regardless of colour and gender, partly black, as are many Cubans; and that it was possible to have free medical treatment and cheap medicines, unlike in the United States.

olitician sed iberly  
ael Leapman  
May 28  
st formal charge member of Congress on the "Abscam" inquiry was brought yesterday. A grand jury in Philadelphia con- sidered a conspiracy bery and conspiracy of the mayor of ew Jersey, and two

quiry, agents of the reau of Investiga- onated Arab pot- offered bribes to return for help with id immigration id- 3 obtaining licences casinos. When de- case were first ic last February, pressmen and one e said to be in-

# Iran stage set for final debate on hostages

From Tony Alloway  
Tehran, May 28  
Only hours after the inaugu- ration of Iran's first Islamic Parliament today the student militants holding the American hostages fired the first salvo in what has been promised as the final debate on their cap- tives' future.

In a statement broadcast by the official radio the students warned Parliament not of sur- render to America because of "fear of threats".

But for the first time they appeared to leave the door ajar to a solution offering Iran something less than the return of the Shah and his property, which they have persistently demanded.

Noting that these were the conditions consistently set by Ayatollah Khomeini they said: "Any decision other than this should be justified to the Iranian people with reasoning".

The new Parliament, opened in a low-key, non-partisan cere- mony at Tehran's former Senate building, has been ordered by the ayatollah to take the final decision on the hostage issue. The student statements accepted that they were "religiously and legally" obliged to obey Parliam- ent's decision but indicated that this only applied if the decision was carried by a clear majority.

The decision about the hos- tages is the greatest test for the Islamic national assembly, the statement said. Despite the slight opening presented by the statement, its main import ap- peared to be a warning against the conclusion of any deals on the hostage issue outside Parliam- ent, a possibility that has been more than hinted at in recent days.

It also reflected the concern about the students over their own position once a decision on the hostages has been taken. In the past they have given a warn- ing that attempts might be made to treat them as counter-revolu- tionaries once the hostages are wrested from them.

In general there is no great optimism here that Parliam- ent will quickly settle down to end- ing the issue which was only referred to once, in passing, during today's inauguration. Senior Government officials here have said privately that they expect the debate on the hostages to be protracted and with an uncertain outcome.

During today's inauguration Ayatollah Muhammad Beheshti, increasingly powerful cleric leading the hardline faction on the hostage issue, had an air of cool confidence while President Bani-Sadr, his weary and somewhat dejected.

The simplicity of the cere- mony was in sharp contrast to the marble and chandeliers sur- roundings of the modern building in which it took place. Islam formed the essence of the proceedings, with regular cries of "God is great" by the parliamentary deputies and the singing of recitations from the Koran.

And the foreign diplo- matic community, whose suits and ties looked out of place among the casually dressed gious leaders, the deputies col- lectively swore an oath of alle- giance.



Ayatollah Beheshti (left) beside President Bani-Sadr, his political adversary, during yesterday's ceremony.

ment, by his son, Hojatoleslam Ahmed Khomeini, he urged the deputies to implement Islamic justice and fight irreligious plans "with all your might".

In the only reference to the against the Satanic powers who hostages he said: "fear no one except God and stand up decided our destiny during the past regime". In Iran, the United States is commonly re- ferred to as "the great Satan".

In an allusion to the power struggle between factions led by the President and those led by Ayatollah Beheshti, Parliament was ordered by Ayatollah Khomeini to avoid "factionalism and illegal bickering". The Majlis and government must coordinate and not create obstacles for each other.

But he also sowed the seeds of possible further disputes by saying that anyone showing tendencies either towards the East or West should be "guided", and if this failed should be "isolated". In the past this not uncommon line of

the ayatollah has been used by Islamic hardliners against moder- ate and leftist opposition figures.

The ayatollah's message also emphasized the special respect that should be accorded to Islamic religious minorities in Iran but warned against concessions to "misguided group".

President Bani-Sadr, in a long but uninspired speech, high- lighted his own political dil- emma by echoing the ayatollah's earlier call for a Parliament free of majority and minority in the Western sense.

Mr Bani-Sadr, whose sup- porters will clearly be in the minority in Parliament, said: "The Islamic Majlis (parliam- ent) is the Majlis of discus- sion to find the best solutions. We will use spirituality to solve our problems".

The only interruption in an otherwise smooth ceremony came when Ayatollah Sadeq Khalkhali, the religious judge famed for over 300 revolution- ary executions, interjected to

protest at the temporary appointment of Mr Mehdi Bazargan, the former Premier, as Deputy Speaker of the House without the deputies' approval.

The Ayatollah, himself elected a deputy, has been trading verbal blows with Mr Bazargan over recent executions of drug offenders. His interjection today, however, was greeted with embarrassed silence by others in the chamber.

In another speech, Ayatollah Mohammad Mahdavi Kanj, Super- visor of the Interior Ministry, finally laid to rest confusion over the exact results of the two-stage elections. Of the 270 seat house, he said, 234 deputies had been decided, although of those only 213 had so far re- ceived "credentials" to sit in Parliament.

It is possible that not all of the remaining 21 will receive their credentials.

A lot of political wheeling and dealing is expected before a recognizable parliamentary trend is apparent.

As to whether he was in touch with the Americans Dr Kreisky said: "We have no mandate. We are not here to take orders, at the visit (to Tehran) should not be taken as a demonstration against the United States or President Carter."

To say it is different words: "We are not interested in making life for President Carter worse than it already is."

Dr Kreisky said here today: "The decision will eventually be taken by the Revolutionary Council, probably under the supervision of Ayatollah Khomeini who is the greatest authority in the country."

Asked whether the militant students would object Dr Kreisky said he felt the ayatollah had "such tremendous authority" that he would be obeyed.

In reply to questions, Dr Kreisky said the socialist leaders who went to Tehran proposed to follow up their efforts in two ways: by report- ing to the Oslo meeting of the Socialist International executive and by keeping in touch with the Iranian leaders.

"I think we reached the point we wanted to reach: to create the basis for contact with Iran's Islamic revolution", he said. "If there are points in the situation in Iran which are in conflict with our principles, we will not hesitate to tell them frankly. It is clear that the question of hostages is one of them."

# Dr Kreisky says vital decision is ayatollah's

From Mario Modiano  
Athens, May 28  
A decision to free the Amer- ican hostages held in Iran will have to be ratified by Ayatollah Khomeini, according to Dr Bruno Kreisky, the Austrian Chancellor, who led a fact-finding mission of the Socialist International to Tehran last weekend.

Dr Kreisky said here today: "The decision will eventually be taken by the Revolutionary Council, probably under the supervision of Ayatollah Khomeini who is the greatest authority in the country."

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# Israeli Prime Minister invites Saudi Crown Prince to go to Jerusalem and address the Knesset

From Christopher Walker  
Jerusalem, May 28  
At a time of serious stalemate in the Middle East peace pro- gramme, Mr Menachem Begin, Israel's uncompromising prime minister has made an unexpect- ed move by inviting Crown Prince Fahd of Saudi Arabia, to follow in the footsteps of President Sadat and travel to Jerusalem to address the Knesset.

The move was followed by a pledge today by Mr Yitzhak Shamir, Israel's Foreign Minis- ter, that the Government would be very happy to negotiate with any Arab country, without pre-conditions, on the basis of the vital United Nations Resolu- tion 242.

Although the invitation is not expected to produce immediate results, it was being interpreted by Middle East observers as a sign of possible room for manoeuvre in the future and a sign that the Camp David deadlock may lead to explora- tion of other ways to a settle- ment of the crisis.

Mr Begin's invitation was given by way of an interview with the Washington Post, apparently after the matter had been considered at upper levels by the Israeli Government.

It came in response to an earlier interview with the same news- paper and in which Prince Fahd pledged Saudi involvement in peace talks on condition that Israel declared its intention of withdrawing from Arab territory.

In the original interview, given on May 24, Prince Fahd said: "If Israel would declare its sincere intention of with- drawing from the lands occupied in 1967, Saudi Arabia would do its utmost to bring the Arabs to cooperate and work for a full settlement."

made it clear that he has no intention of sanctioning an Israeli pull-back.

He also said that his (Prince Fahd's) demands, under any conditions are rejected and are totally unacceptable, but he is invited", he told Mrs Katharine Graham, the pub- lisher of the Washington Post.

Israeli officials regard it as improbable that the Prince will accept an invitation to visit Jerusalem while the large Arab part of the city remains in Israeli hands as part of its "indivisible" capital. But some significant innovations have been noted in Prince Fahd's remarks.

According to Mr David Adhek, a senior analyst at the Israeli Foreign Ministry, the interview was the first in which the Saudis, who are still techni- cally at war with Israel, have agreed to join peace talks with- out laying down specific dead- lines for Israeli withdrawal from the occupied territories.

Mr Adhek said it was also leader had made no mention of the Palestinian Liberation Orga- nization in the interview and

had only raised the Jerusalem problem obliquely. He claimed that the remarks were intended to improve Saudi Arabia's image in the wake of the con- dition of a Princess.

As is often the case with communications by Middle East leaders, the interpreta- tion is often complicated by other statements made in a different context.

Today the official Saudi news agency quoted Prince Fahd as saying (before he re- ceived word of Mr Begin's invitation) that his Washington Post interview had been mis- takenly interpreted as indicating that Saudi Arabia was ready to take a unilateral initiative, in the Middle East.

According to the agency report, the Prince said Saudi Arabia could not take any initiative, welcome any idea, accept any decision or nego- tiate with any party, directly or indirectly, except in the con- text of Arab agreement. But he added that his willingness to seek a peaceful solution to the crisis was based on such agreement.

For more than 20 years there had been no executions in Libya, but in 1977 there were more than 20 executions, and the number of offences punish- able by death had greatly in- creased.

the (now-defunct) Revolu- tionary Command Council.

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A new dimension was intro- duced by the call for "physical liquidation" of political op- ponents, and by the televised trials for corruption, in which the tribunals are composed of members of revolutionary com- mittees—not trained judges—and the defendants are not allowed a lawyer. Miss Ray said the legal profession in Libya was worried about the status of these trials, which was far from clear.

Miss Ray said these trials, in both of which the verdict is still awaited, were typical of Amnesty's long-term concerns in Libya. Other trials had been held in "people's courts" from which there was no appeal, and on occasion the sentence had been increased by decision of

of people regarded by Amnesty as prisoners of conscience.

# Shia militiamen in Beirut clash with Palestinians

From Robert Fisk  
Beirut, May 28  
Heavy fighting broke out in Beirut today between Shia Muslim militiamen and Iraqi- supported Palestinians, leaving at least 30 gunmen and civilians dead.

In the south Beirut suburb of Bourj al-Barajneh, Syrian troops with armour supported the Shia Muslims, leaving at least 30 gunmen and civilians dead.

The Muslim gunmen belong to Amal, the private army Lebanon's Shia religious leader- ship which supports the Iranian revolution and looks to the Ayatollah Khomeini for spiritual guidance. The fighting was thus partly an extension of the feud between Iran and Iraq.

But it also represented the most serious manifestation so far of the armed power of Lebanon's traditionally poor Shia community.

For years, they have lived in comparative squalor amid Beirut's ostentatious wealth or on the barren farmlands of southern Lebanon. Now the Iranian revolution has given them some cohesion, creating another force within the country's broken political life.

Clouds of smoke could be seen hanging over the Beirut suburbs during the morning's unrelenting fighting. Six bodies had been found inside the charred offices of the local Iraqi Baath Party—and young men carrying assault rifles with pistols at their hips could be seen running through the streets.

Simultaneously, fighting also broke out between the two sides in Southern Lebanon where the Amal militia suffered heavy casualties in the village of Kakayet el Jisr. About 20 villagers and combatants are believed to have died there.

The Shia community in Lebanon numbers almost a million and forms the largest religious sect in the country. Amal supports the 120,000 Shias who fled their homes in southern Lebanon

they represent more than 600 million Muslims, including the World Islamic Council, but deny any support from the Saudi Arabian Government.

They are also taking action against the film's producers, Mr David Fanning and Mr Anthony Thomas, the Public Broad- casting System of America and its president, Mr Lawrence Gross- man, two American TV stations, and other defendants who are not named.

Mr Mansour said the initial hearing had been set for June 20 in San Francisco, and proceedings demanding that the defendants hand over docu- ments to the court would then begin within 90 days.

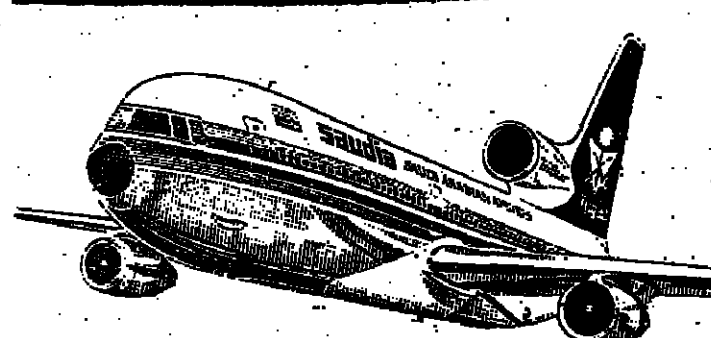
# US lawyers sue ATV over princess film

Lord Grade, president of ATV, could be summoned to appear in an American court over the controversial film Death of a Princess shown on independent television.

An American lawyer, Mr Khalid Abdullah Tariq al- Mansour, told a London press conference yesterday that an action seeking damages of \$20 billion (about £8,500 million) was being taken against ATV in San Francisco, but he would recommend that it be dropped if the company apologized and admitted that the film was part of a conspiracy against Islam.

Mr Mansour and another American Muslim attorney say

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## OVERSEAS

## Radical changes needed to save Soviet Union from growing threat of economic catastrophe

In the fifth of this series of articles based on exclusive interviews with the Times, *Ilya Dzhirkvelov*, a former KGB officer and a Tass correspondent, describes the new aristocracy of Soviet Russia formed by a corrupt bureaucracy.

Russia is run by an isolated, self-perpetuating "aristocracy" cushioned from reality and unaware of the catastrophe facing the Soviet economy. And whoever succeeds Mr. Brezhnev as leader will have to take radical measures to stave off the collapse of Soviet society.

Those are the conclusions of Ilya Dzhirkvelov, who has spent nearly 40 years as a member of Russia's ruling elite, first as a KGB officer, then as a Tass correspondent abroad. Before his defection Mr. Dzhirkvelov was a Soviet official with the World Health Organization in Geneva, a highly-prized privilege entrusted only to loyal Communists.

Throughout this long career Mr. Dzhirkvelov has closely observed the ways in which the Soviet establishment, he says, has become a moribund body of unprincipled careerists, and nothing short of real change can save it. The bureaucratic disease was inherent in the Soviet system from the start. But under Mr. Brezhnev it has reached epidemic proportions. There is, according to Mr. Dzhirkvelov, an unwieldy "new aristocracy", or "aristocracy", consisting of Party and Government organs at all levels, the KGB, the Army, local administration officers and officials of all kinds, who between them control and suffocate all aspects of Soviet citizens' lives.

The idea that the boycott of the Olympic Games has introduced politics into sport, Mr. Dzhirkvelov points out, is mistaken. In the Soviet Union nothing is untouched by the tentacles of government, and everything, from sport to literature, is already suffused with and controlled by political considerations.

Mr. Dzhirkvelov acknowledges that he has himself benefited from the system. As a Soviet official abroad with KGB connections he had two cars, a well-appointed flat in Moscow as well as in his overseas posting; frequent travel to and from the West; and access to special shops selling consumer goods and foodstuffs unknown to ordinary Russians. Corruption at the top in Russia today, he says, surpasses anything known in Tsarist times: "Nicholas II was a poor man compared to Mr. Brezhnev."

But like most corrupt elites, the Soviet establishment presides over a structure which is rotten at the centre. The Soviet system, Mr. Dzhirkvelov told *The Times*, is in no way socialist in the true or original sense. It crushes every spark of human individuality, and depends for its survival on the suppression of free thought and creativity. For most of his career Mr. Dzhirkvelov helped to bolster up this repressive regime. But he became "increasingly critical of a system which was mainly maintained through fear and coercion. Mr. Dzhirkvelov was disturbed by what he regards as the ill-considered, even reckless

policies pursued by the Kremlin. The invasion of Afghanistan was, in his view, an act which flew in the face not only of world opinion but also of plain common sense. This was the last straw in Mr. Dzhirkvelov's growing disillusionment. When officials in the Soviet Embassy in Geneva tried to frame him by making a minor traffic violation into a more serious offence involving drunken driving, Mr. Dzhirkvelov realized the authorities must be preparing a case against him. He returned to Moscow, still hoping that friends in high places would intervene on his behalf. But most shunned Mr. Dzhirkvelov as a doomed man with whom it was wise not to associate. Facing this as final proof that the system which had nurtured him was about to turn on him with all the ruthlessness at its command, Mr. Dzhirkvelov decided to defect to the West.

In one sense Mr. Dzhirkvelov agrees, the Soviet system is strong in that it is able to crush individuals and leaves those who—like himself—wish to break away from it no alternative but to seek refuge in the opposing camp. But the essential weakness of the system, he argues, is illustrated by its very inability to tolerate dissent or "betrayal". Any system, he suggests, which is so afraid of ideas and external influence necessarily lacks inner strength.

## Candidate for supreme power

The regime's response to the influence of the BBC and the Voice of America illustrates this: "We used to say: if our system is as good as our leaders say it is, what are they so afraid of? If what Western radio stations say is false, surely we can judge that for ourselves." Why, Mr. Dzhirkvelov and his colleagues wondered, was there so much talk of the penetration of Russia by Western ideas, and so little about the reverse? The treatment of Soviet dissidents, he argues, is in itself a sign of insecurity. He is not himself sympathetic to the dissidents, but considers the exiling of Dr. Andrei Sakharov—"a member of the Academy, a great Russian scientist"—to be scandalous. The ruling elite, he believes, is kept in power by the Army and the KGB, and "anything could happen if they were to falter for a single day."

From this point of view, the question of who succeeds Mr. Brezhnev either as Party leader or as President (he holds both posts) could be important insofar as any new man at the top tries to tackle the Soviet malaise. The succession problem itself is, in Mr. Dzhirkvelov's view, "impenetrable". The "favourite candidate of the Western press", Mr. Brezhnev's protégé Konstantin Chernenko, Mr. Dzhirkvelov regards as an unlikely contender. His own money is on Andrei Kirilenko, who although older than Mr. Brezhnev is "stronger physically". But few predicted the rise of Mr. Khrushchev after the death of Stalin, and the post-Brezhnev era could throw up some equally unforeseen candidate for supreme power. Whoever it turns out to be, he will in Mr. Dzhirkvelov's view, have to restore some

credibility to the highest offices in the land. Mr. Brezhnev, he says, has made a "laughing stock" out of the leadership by decorating himself with ever more grandiose medals and awards. These include the Lenin Prize for Literature, awarded for Mr. Brezhnev's memoirs, which are now required reading in Soviet schools, and which Mr. Dzhirkvelov dismisses as "devoid not only of profound ideas but also of literary merit of any kind."

But above all, the new man will have to take steps to halt what Mr. Dzhirkvelov sees as a "catastrophic" moral decay of the Soviet system itself. Economically the country faces "catastrophe": except for the privileged few there is no meat to be found in the shops, and very few other basic necessities either. An economy of permanent scarcity rather than temporary scarcity has created "a huge number of possibilities for making money by dishonest means," and this has in turn led to large-scale corruption at all levels of Soviet life. Chronic shortages of food and housing have also led to poor health, since the unceasing search for the necessities of life, coupled with the daily routine of office or factory, means that people return home in the evening "completely drained both physically and morally". There is much concern about this, Mr. Dzhirkvelov discloses, among Soviet officials at WHO in Geneva.

Their worries—not shared with Western colleagues—include the spread of alcoholism in Russia, which itself is due to the pressures of Soviet life coupled with the ready availability of cheap vodka. When Mr. B. V. Petrovsky, the Soviet Minister of Health, visited Geneva, he even admitted to a closed session of Soviet officials at WHO that if alcoholism continued to spread at its present rate in Russia, it would eventually lead to "the degeneration of the nation."

Whereas in the past, says Mr. Dzhirkvelov, ordinary Russians complained privately about economic decay and political repression, nowadays more and more members of the ruling elite are voicing their concern. These, he says, include officers of both the Army and the KGB, "which after all are composed of people, many of whom understand what is going on only too well". Only the pinnacle of power is totally isolated from reality.

"It is not surprising if Mr. Brezhnev and his colleagues believe in the abundance of Communist society, since they live in it, even if nobody else does. So will some new leader take the radical, rational measures?" Mr. Dzhirkvelov believes necessary, including a degree of democratization? Mr. Dzhirkvelov himself is not optimistic. If the Kremlin tightens up still further, he says, something could well crack; but if it allows liberalization, that too would lead to an "unpredictable explosion". Many Russians, he says, are fully asking themselves what will happen next. "The one certainty," Mr. Dzhirkvelov concludes, "is that something must happen. We cannot go on as we are for much longer."

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## Hua call for aid against 'threats of war'

Tokyo, May 28.—Chairman Hua Guofeng called on Japan tonight to help China foil "expansion schemes and provocation of war by aggressors", in a clear reference to the Soviet Union.

The Chinese leader avoided mentioning Moscow by name in a speech delivered at dinner given by Mr. Masayoshi Ohira, the Japanese Prime Minister, but he pledged to strengthen cooperation between China and Japan "to make unflinching efforts to defend world peace and object to acts of war."

Both countries have condemned the Soviet military intervention in Afghanistan and are boycotting the Moscow Olympic Games. China has also been urging Japan to strengthen its defence to counter what it regards as Soviet threats to Asian stability.

In his speech at the dinner, Mr. Ohira praised the strengthening of Sino-Japanese relations and promised continued Japanese support for China's modernization efforts.—Reuter.

## Go-slow shuts clinics

Lusaka, May 28.—The Zambian Ministry of Health today closed specialist clinics at three major hospitals where junior doctors are on a go-slow protest for higher pay and improved conditions.

Their own computers, which can be bought at many electronic shops. Some have video display screens while others are for use with a television screen. A special computer will connect home computers to the telephone lines for electronic transmission of the news. Computers will charge users by the minute. "Maybe some day, newspapers won't be delivered to the door the way we know it but that's a long way off," said Mr. DeBloom, Executive Editor, said. According to Mr. DeBloom, about 250 subscribers now have home computers.—AP.



President Duvalier of Haiti and his bride, Michele Bennett leaving the cathedral in Port-au-Prince after their wedding.

## Haiti President tours capital after wedding

Port-au-Prince, Haiti, May 28.—Haitians danced and sang into the early hours today, celebrating the wedding of President Jean-Claude Duvalier with the sound of bells, whistles and native drums.

Thousands lined the streets as the President, who is 28, and his 29-year-old wife Michele, a divorced mother of two, toured the capital in a Cadillac limousine. Fireworks exploded and a cannon in front of the presidential palace fired a salute as the couple left for a reception

at the presidential ranch attended by 4,000 guests. The ceremony in the cathedral here was televised, but only a small percentage of Haitians could see it as a television set costs more than the average Haitian earns in a year (about \$87) and many parts of the country still do not have electricity.

The President met his wife, whose father is a wealthy businessman, while they were both students at a private school. Her previous marriage took place in an Episcopal church, and the father of her former husband was killed in 1958 during an attempt to overthrow President Francois Duvalier, father of the present President.—Reuter.

## Newspaper plans electronic edition

Columbus, May 28.—People in central Ohio will soon be able to read their newspapers on video display screens in their homes. The Columbus Dispatch announced plans yesterday to transmit the news into home computers through telephone lines starting on July 1.

Subscribers will be able to call up almost every story which appeared in the day's paper, including state, local, suburban and national news, sports and entertainment articles and feature stories, newspaper officials said.

The newspaper plans, at first, to make information in each day's editions available after 6 pm from Monday to Saturday. The Sunday paper will also become available, officials said. Later, classified and other forms of advertising from the Dispatch will be added.

This letter was brought to The Times yesterday by the brother of Charles Richardson, the gang-leader who escaped from Springhill open prison last week. We publish the text in full exactly as it was received, for no other reason than that it is a pertinent document for readers interested in the rehabilitation of prisoners.

Dear Editor,

Friends have advised me to write out a brief outline of why I have walked out of Springhill open prison, and to summarise the offences of which I was convicted and sentenced to 25 years imprisonment. In an attempt to balance the picture the public have of me from the popular newspapers with their grossly exaggerated lurid accounts of my past alleged activities. In the faint hope that an objective re-appraisal of the facts and circumstances surrounding my trial, conviction, and sentence will support the contention of my family, friends and prison governors, local parole boards, that I be given the opportunity of conditional release on licence for the last remaining 3 years of my sentence.

The first point I would like to make concerns the violence charges for which I was sentenced, and in particular their definition as criminal or deviant. In terms of the subculture into which I was socialised in South London streets it was the norm that disputes between man and man be settled between man and man. Referral to "outside agencies" such as the police or courts would have been defined as deviant and have led to social ostracism or even worse.

This perspective was a central and integral part of my value system and thus at that time I had no more choice of action than any man who acts in accordance with his beliefs and the daily routine of office or factory, means that people return home in the evening "completely drained both physically and morally". There is much concern about this, Mr. Dzhirkvelov discloses, among Soviet officials at WHO in Geneva.

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## The Times Cook



## Shona Crawford Poole

The sex life of salmon struck the back row of the biology class as a poor affair. Granted there was romance in its instinct to return to the river of its birth and its sassy splashy struggle upstream. But the cradle salmon make for their young, only a shallow depression in the river gravel, was nothing like as exciting as the chicken's nest. As for a salmon's love life—with the hen laying her eggs first and the cock swimming along afterwards to fertilize them—it brought not a blush. We looked forward to the more diverting antics of the frog in the next chapter of our textbooks.

What teachers never seemed keen to impart was anything which might be of practical advantage in later life. Why not an aside or two on how to choose the best salmon for eating and how to tell if it is fresh? For that, one has to find someone who knows.

My efforts to find someone to take me salmon fishing in pursuit of this knowledge have, so far, failed lamentably. But I do manage to track down on the telephone a fisherman who proved most interesting on the subject of salmon than the man at Harrods fish department.

Alan Scott, chief press officer of the Highlands and Islands Development Board, explained that although the salmon fishing season runs from January 15 to October 15, the fish will be running in good numbers in different rivers at various times. Each loch and river has its own season, with fishing restrictions governed by the best balance between good sport and good conservation practice.

Charles Richardson writes to The Times  
Why I should be given my freedom

Charles Richardson: a photograph issued by Thames Valley Police.

Dear Editor,  
I have been advised by my friends to write out a brief outline of why I have walked out of Springhill open prison, and to summarise the offences of which I was convicted and sentenced to 25 years imprisonment. In an attempt to balance the picture the public have of me from the popular newspapers with their grossly exaggerated lurid accounts of my past alleged activities. In the faint hope that an objective re-appraisal of the facts and circumstances surrounding my trial, conviction, and sentence will support the contention of my family, friends and prison governors, local parole boards, that I be given the opportunity of conditional release on licence for the last remaining 3 years of my sentence.

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backgrounds to all the charges I faced with reiterating the facts, not in this article anyway. Although I feel very strongly that the penalty I have already paid (from July 1966) is more than sufficient for my transgressions, I have never claimed shining innocence, but to quote Lord Justice Lawton "it is not in the public interest that people convicted of serious crimes should spend longer in prison than murderers who have committed the most serious crime known to English law". I have never committed the most serious crime of murder, caused grievous bodily harm was the most serious of the offences of which I have been found guilty, yet already I have served a far longer sentence than the average murderer.

Thus understandably I feel, not only is it not in the public interest that I should continue this incarceration, but it is very much in my interests, without wishing to bore you with statements of the mental and physical consequences for me of continued imprisonment, these loom very large in my consciousness.

As you may be able to imagine 14 years incarceration has taken its toll both in physical and in mental terms and I (and my family) become seriously concerned about this progressive mental and physical deterioration. The psychological effects upon any individual of

sensory deprivation are too well known to need detailed outline here, even if space and your patience allowed.

But what is perhaps not widely appreciated is that the term "sensory deprivation" like all non-absolute is relative. 14 years in a totally institutionalized environment represents a very large dosage of deprivation. Psychological studies in America and Scandinavia have clearly demonstrated that after 5 years in such environments serious mental deterioration begins to become apparent. Extended prolonged in such conditions increases that deterioration exponentially and these effects are to a large extent irreversible.

In my case whilst I have not become a cabbage, I can detect frightening signs of this syndrome. Specifically, a marked inability to concentrate, forgetfulness, a lack of decisiveness in even the most trivial choice situations. Evidence of this to be found in many spheres, ranging from my open university studies which I began with a great deal of enthusiasm and some success (four credits), but which deteriorated considerably, to the trouble I am having composing this relative simple letter.

A continuation of this decline can only serve to render me increasingly incapable of discharging my responsibilities when I am finally eventually released.

I owe a great deal both to my mother and family and to society in general (a cliché but nonetheless true). The heaviest burden of this 14 years imprisonment has fallen on my mother and on my five children. Somehow when I am released, I must endeavour to recompense them for all the hardships and grief they have had to suffer through my actions.

My debt to society, is less tangible, but still real. I have had the offer of a responsible position with a public company, at least the offer was made conditional on my getting parole, whether it will be open when I'm finally released is questionable. My constant fear is that my waning abilities will render me incapable of satisfactorily fulfilling these familial and employment roles.

During the earlier years of my sentence I have been afforded the opportunities to study for "A" and "O" levels, and as earlier stated under the open university. As a consequence of these studies I have been exposed to concepts and perspectives which caused me to seriously question the relevance and value of my parochial mores. I gained a more universal view and deeper understanding of social structures, insights into the nature of man (and hence of myself) were the result of my studies into political philosophy, sociology, and psychology. This led to a prolonged process of self-

assessment and eventually minuted in the adoption of attitudes and values.

I am no longer the man I was. Faced today with same circumstances and conditions that faced me all years ago, my actions reactions would be different. I now accept that man cannot be a law himself and that the or of justice necessitates existence of objective impartial agencies to administer justice. The of which I was sent came about through sin which developed because entrepreneurial activities, ness disputes principally Jack Duval, which during a bad patch in between 1965-1967. The ability of my being cut in such situations as negligible on two counts.

Firstly there was the of a responsible position in a substantial public pany. Not only was that a sign of trust which I have been unworthy, but also a position with a organization with a formalized procedures I would have formed as a controlling mechanism, it have been required.

Second, on account myth created by news the notoriety, it is obvious that my future at will receive a great attention and serves Theobald, would have greatly enhanced my own changed attitudes values and I feel confident the two combined would been not just as secure guard on my future can be without bars, as I have been required.

My one aim and ambition to "salvage what" from a life that has shattered by 14 years' imprisonment. I wished only to regain the respect acceptance of my family friends and my, and father and of a general. The path to this not have been easy, realize. Nevertheless, with a new self-awareness values and by practice discipline I feel sure my opportunity to the goal, achieved that goal.

I honestly felt that months in Springhill prison, now was the time to release me. I began this sentence with a quarter of my sentence approaching 46. The for in maximum security security prisons have their toll, both mental, physically.

If I ever was to succ negotiate the huge hu adjustments to a life prison, and if I was any chance of, succ filling a useful, niche society, that chance have been given to a conditional release on. Extensive probation incarceration to the sentence in 1983 could lead to accelerated dition and in affect was mous with society writ off.

Yours sincerely,  
Charles W. Richardson

## Crowning the king of fish

The finest fish, he explained, can usually be bought in late spring and early summer. A good fresh salmon has a big belly on it. It's sparkling. It looks like bars of silver from the river they lose their colour and go into spawning livid of reds and browns. These fish are fine for smoking, but for eating fresh you want a fish that is bright, shining silver.

Pointers to freshness are clear, full, shiny eyes; bright red gills and a clean smell. Salmon is usually the most expensive of the fish-monger's wares no-one wants to mess it up with lousy cooking. And for that reason I have never understood why grilled or fried salmon steaks are as popular as they appear to be, since it requires good judgment, or good luck, to get them just right. Even when they are right, golden brown on the outside and moist in the middle, the flavour is never what, in my mind, quite as good as that of poached salmon. Given that poaching is less risky, it seems worth the small amount of extra effort.

The first requirement is a couple of pounds of decent fish stock.

Fish stock  
Makes about 1.2 litres (2 pints)  
340g (12oz) fish bones and trimmings  
1 medium onion, quartered  
2 carrots, quartered  
A handful of parsley stalks or parley  
A small piece of lemon peel  
Salt and freshly ground black pepper

Put the fish bones and trimmings in a large saucepan with the onion, carrots, parsley, lemon peel, and salt and pepper. Cover with 1.5 litres (2 pints) of cold water and bring to the boil. Skim and simmer, covered, for about 20 minutes. Strain the stock and use immediately, or, if you have the time, allow to cool before straining. Use as directed.

Poached salmon steaks may be served hot or cold. A classic hollandaise sauce or melted butter accompany the hot version; home made mayonnaise or a favourite bottled brand with cold salmon.

Poached salmon steaks  
Serves four

4 middle cut salmon steaks weighing 170g to 225g (6-8oz) each

1.2 litres (2 pints) fish stock  
4 tablespoons dry sherry; or 150ml (½ pint) dry white wine  
Juice of half a lemon

Wash the salmon steaks quickly in cold water and pat them dry. Bring the fish stock to the boil in a fish kettle or casserole which is large enough to hold the fish in one layer. Add the sherry or wine and the lemon juice. Carefully lower the steaks into the bubbling stock and simmer them gently for about five minutes only. Take off the heat immediately.

To serve hot, leave the steaks in the stock for five minutes before lifting them out carefully. To serve cold, leave the fish in the stock until it is quite cold before lifting it out.

Either new potatoes and a crisp green salad are unbeatable accompaniments to poached salmon.

Ground lax, the traditional Scandinavian dish of raw, marinated salmon, is most often served as a first course with oil, vinegar and mustard dressing. In Sweden it also appears as a main dish accompanied by poached eggs, buttered spinach and boiled potatoes. The fine, feathery leaves of fresh dill are an essential ingredient of the marinade and are usually used as a garnish too. If fresh dill is not available, use dried dill for the marinade and garnish the fish with fresh parsley or chives.

Marinated salmon  
Serves six to eight  
680g (1½lb) tailpiece of fresh salmon  
2 tablespoons sea salt  
1½ tablespoons granulated sugar  
1 teaspoon crushed white or black peppercorns  
1 tablespoon brandy (optional)  
2 tablespoons chopped fresh dill or 2 teaspoons dried dill

For the dressing  
4 tablespoons olive oil  
1 tablespoon wine vinegar  
1 tablespoon mild made mustard (optional)  
1 teaspoon granulated sugar  
Salt and freshly ground white or black pepper to taste  
Fresh dill, or parsley, or chives to garnish

Bone the salmon, or ask the fishmonger to do it for you, to make two triangular fillets. Leave on the skin. Combine the salt, sugar, pepper, brandy and dill and mix together. Spread a quarter of this mixture on the base of a dish and lay on top of it the first piece of salmon, skin side down. Spread with half the remaining mixture and lay on it the second piece of salmon, skin side up. Rub the remaining salt mixture into the skin. Cover the fish with foil weight it with a plate and a couple of tins from the store cupboard and refrigerate it for up to five days, but not less than 36 hours.

To serve, slice the salmon either parallel to the skin or at an angle to it. It may be sliced thickly or thinly according to taste.

Combine the ingredients for the dressing and mix or shake them together. Arrange the sliced salmon on a serving dish and decorate it with strips of dill or parsley or chopped chives. Serve the dressing separately.

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Salmon trout, which are not of course salmon at all, but sea trout, are preferred by some people to the king of fish himself. Their more delicately flavoured pinkish flesh is frequently moister than that of the salmon proper, but more attractive still is the size of the fish. Salmon trout are usually used from 900g-1.8kg (2-4lb) and thus one fish makes a pleasingly dramatic and very easily prepared dish for a dinner party. Baking in foil is the simplest method of getting a salmon trout right.

Most recipes for baked salmon trout specify butter for serving hot and oil if it is to be served cold. As no oil tastes quite as nice as butter, and anyway the fish will probably be skinned if it is to be served cold, this distinction seems superfluous. A 1.35kg (3lb) salmon trout will serve six, and a 1.8kg (4lb) fish eight. Hollandaise sauce or mayonnaise, hot new potatoes and a crisp salad complete the feast.

Baked salmon trout  
Serves six  
1 salmon trout weighing 1.35 kg (3lb)  
55g (2oz) butter  
2 or 3 sprigs of parsley  
1 sprig of tarragon or dill  
1 lemon, sliced  
4 tablespoons seasoned flour

Generously butter the rest of the fish and the cavity of the fish with this mixture. Sprinkle the parsley, onion, or dill, and serve the lemon.

Dust the fish all over with seasoned flour. Lay it in foil and bring the foil to the fish, making a fold. Fold the ends up too to a loose parcel. Lay the parcel in a preheated oven at 180°C/350°F, gas mark 3, for 35 minutes. Then open the parcel so that the top can colour a little and baste the fish for another 10 minutes.

To make sure the done, insert the thin sharp knife into the flesh thickest point. If the moves easily from the place, the fish is ready. Rest the fish warm place for a minute before serving it on a plate, with the slices of lemon arranged its length.

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## New Books

## School for Statesmen

Sir John Seeley and the Uses of History  
By Deborah Wormell  
(Cambridge, £15)

"I call that man uncivilized", declared Sir John Seeley (1834-1895) in the virile syntax of the age. Who is not connected with the past through the state in which he lives, and sympathy with the great men that have lived in it. And that the English people in general, and not merely a small class of them, should be citizens in this sense, does not seem to me a Utopian dream.

To the civilization of the English people and to the establishment of history as an independent teaching discipline in Cambridge and beyond Seeley dedicated his life. The State was the extended family of every member in it; the Nation was a natural organism which flourished from infancy through adolescence to maturity, a point reached by Britain in 1688, and by Germany, led by the Prussia he admired, as late as 1871. Sweden and Holland had both declined into passive old age, and it was one of Seeley's chief aims, at the apparent climacteric of British old power, to devise a moral and political education for the British Empire did not the same. India he was prepared to lose and Africa he thought merely dangerous, but Rome for Ireland was the beginning of the end.

A classicist unusually well read in contemporary writers, with a family background of angelism and the publishing trade, Seeley succeeded Charles Kingsley as Regius Professor of History at Cambridge in 1869: there was only one other lecturer in History at the time and the Tripos was not established until 1873.

Seeley believed passionately that history was the true school of statesmanship but he also wrote with a wide audience in mind. He was an authoritative writer and a quiet man, yet in Shakespeare's *Hamlet* (1863), his secular study of Christ, as one of the worst books of the century, and in *Expansion of England*

(1893), his most popular and influential book, was widely misunderstood then and later as a kind of ethical apology for British takeover of the world. Seeley's expansion of England was, in fact, complete, but Gladstone detested it so fervently that he denied Seeley the KCB in 1884, an honour deferred until Rosebery became Prime Minister ten years later. Seeley's book has made imperialism and patriotism virtually synonymous, a view close to Rosebery's heart.

Sir John Seeley and the Uses of History is the first book on the subject, and a pioneering work of scholarship. Deborah Wormell was a young historian of evident tenacity and talent who died two weeks after the completion of the book last year: she was only 32. It is a biography, but an expanded doctoral thesis; the argument is close and if Dr Wormell does not succeed in blowing quite all the dust off the old book it is largely because of the evidence of her life. It is sometimes contradictory and frequently short. Mysteries abound. There was some kind of nervous breakdown at her work at school; she suffered lifelong debilitation from poor health (possibly, too, she suggests, from the effect of pain-killing drugs); an unhappy marriage; and a host of other things that cannot be made to fit, but it was well worth making the attempt.

In the charged atmosphere of the Victorian intellectual world, Seeley is a less spectacular but more representative figure than most. "He is without a rival in handling the paradox of the commonplace," wrote A. V. Dicey, one of the "Oxford men" whose hostility he dreaded. "His essential ideas are notions which, he false or true, are the property of the world." Though unkindly said, this comes near the secret of his huge popular success. Like Thomas and Matthew Arnold he exemplified his contemporaries' faith in self-culture and improvement through education and like many leading Victorian reformers he played an essential role in his work and life.

He despised the great "literary" historians like

Macaulay, Carlyle and Froude, and believed that corrupt history led to corrupt politics yet he was himself essentially a Christian generalizer who naturally preferred an accessible style; he preached, but never practised, the intricate method of scholarly argument; he rarely used original sources; yet more than anyone else founded a school of scholars at Cambridge which included Trevelyan, Clapham and Gooch. He believed in nationality but not in aggressive nationalism, and was quick to see that nationalism was, after 1871, the greatest single threat to peace. He admired, and distrusted, Bismarck, and openly expressed the value of the Empire for defence.

It is hard to tell whether Dr Wormell really admired him or not, save in his heroic work of establishment at Cambridge, where, under-graduates continued to regard history as a "soft option" up to the time of his death, but she reveals more than enough of his thinking to surprise us by some of its relevance and attractiveness today. He campaigned tirelessly against the ignorance and insularity he found in every area of British life; he deplored the party and examination systems believing the unnatural competitiveness of both obscured the plain, perennial search for truth; he welcomed the women's colleges he attacked the confusion of life with livelihood that he detected in Marx.

Above all, he despised the High Victorian spirit of greed and placed against it, without hypocrisy or sentimentality, a vigorous social Church. He was what he would have called an enthusiast of humanity who was one of the first to perceive the imperial dimension in modern Europe and to state in clear, popular terms that history and politics were effectively the same. He would warmly have endorsed the work of a young scholar who might have been called Hugh Cudlipp, a student of his in the moral context of our "nation" in its briefly unchallenged pride. The Boer War broke out four years after his death, and with that Seeley's moment passed.

Michael Ratcliffe



They queued in banks even in the Middle Ages. This picture of frustration at the bank, probably at Genoa, from a 14th-century manuscript, comes from *The Faces of Europe* edited by Alan Bullock (Phaidon, £16): a pious coffee-table, with distinguished contributors writing about European culture and unity, to celebrate the four hundredth anniversary of Louis Elzevier's original publishing house.

## Paper crusaders

The Prerogative of the Harlot  
By Hugh Cudlipp  
(The Bodley Head, £8.50)

I must declare both an interest and a lack of interest in this book, which is a collection of essays dealing with the power of five press magnates: Hearst, Northcliffe, Rothemann, Luce and Beaverbrook. The interest stems from the fact that I am engaged in a study along similar lines. The lack of interest is a sad reflection on Hugh Cudlipp's failure to say anything fresh about an enthralling subject.

Sometimes, indeed, novelties do creep into his book, but almost invariably in the form of error. There are factual inaccuracies—Hearst's best friend was called Follansbee not Follanshee. There are syndicalist soliloquies—"It was the last they saw but not heard of Northcliffe." There are anecdotal blunders—Napoleon's hat, which Northcliffe tried on at Fontainebleau, was not small for him: the point was, as he remarked with awe, "It fits!" There are interpretative mistakes—it is not true (nor does it make much sense) to say that by 1939 Beaverbrook's "thinking" had become "certifiable".

In general, though, Hugh Cudlipp does not so much pioneer new errors as repeat old ones, drawn from the obvious secondary sources of the newspaper proprietors. He relates as true, for example, a story long ago exposed as apocryphal, about Lord Northcliffe's cobbling George V, and receiving the reply, "I cannot help it" and, on a more serious level, he is content to echo the opinion of W. A. Swaberg, Hearst's biographer, that the Spanish-American conflict was the New York "Journal's war", an interpretation which does not bear historical scrutiny.

The truth is that biographers like Swaberg inflate the importance of their subjects.

And, being a pocket press baron himself, Lord Cudlipp accepts uncritically the standard notion (enshrined in the quotation from Baldwin from which his title is taken) that newspaper owners exercise great power, the worst of them doing so irresponsibly.

The irresponsibility is simple enough to illustrate. Hugh Cudlipp just selects and recapitulates a number of familiar episodes: how Hearst defeated Pulitzer in the circulation battle by rabid appeals to jingoism; how Northcliffe pursued his vendetta against Haldane; how Beaverbrook founded with Baldwin, how Rothemann boomed Oswald Mosley; and how Luce ostracized Mao Tse-tung. These were deplorable occasions, no doubt, though they scarcely warrant some of his name-calling—he compares Luce, for instance, to a psychopathic killer. But they demonstrate the pretensions, not the power, of the press potentates.

Of course, many national leaders (Neville Chamberlain, Eden, Harold Wilson, John G. Kennedy) have been carefully obsessed by the press. But in practice politicians are always able to out-maneuvre hostile newspapers (magazines or even news columns, which are not altogether). Lloyd George squashed and squared Northcliffe at will. Baldwin discredited Rothemann and Beaverbrook. Hearst was a Rooseveltian, writing for both Roosevelts. Luce lacked a series of political losers (Eisenhower apart) and was able to exert little positive influence.

Moreover, press crusades are only effective when they reflect rather than try to direct public opinion. It is notorious that, despite vigorous and protracted propaganda, Beaverbrook's Empire Free Trade campaign was a failure. So, too, was Hearst's Independence League, the political vehicle he created for himself and stuffed in his newspapers. On the other hand, when both men stirred up wartime xenophobia they succeeded, and, surely exacerbated,

the base passions of the multitude.

Thus the press barons derive such power as they possess from their ability to sense and express the popular mood. This was, pre-eminently, the talent of Lord Northcliffe, "the common man to an uncommon degree." Otherwise, despite ferocious growlings, he and his kind were paper tigers. Or political mischief-makers like Lord Beaverbrook who, late in life, was heard singing at one of his editors' dinners the telephone "Sow the seeds of discontent. Sow the seeds of discontent." to the tune of Polly Put the Kettle On.

Lord Cudlipp attempts no analysis of how and why the power of the newspaper proprietors was limited. His barons are ineffectual dictators at best. It is more, he gives none of them (except Northcliffe) much credit for innovation or achievement—whereas, for instance, the make-up of the Old Lady of Printing House Square herself owes much to Hearst. And apparently never strikes him that his book revolves round one great central paradox, that our freedom to enjoy good news and bad news is our willingness to endure bad press barons. For a society which restricts the independence of the proprietors will not respect the liberty of the press.

Hugh Cudlipp sometimes turns a good sharp sentence: "Rothemann, the bankers' purveyor of the private favour, acquires for his public performances." But in general he is frankly the journalist writing about journalism in journalism. Still, although jejune style matches superficial content, *The Prerogative of the Harlot* would have benefited from ruthless editing. He might then have saved from representing Lord Beaverbrook as addressing his millions "while sitting in the toilet." O, what a waste was there: it might well stand as an epitome of the entire book.

Piers Brandon

## What the thump

Greyfriars for Grown-ups  
Compiled: Lawrence Sutton  
(Bodley Head, £9.95)

As plugged in the endpapers, "over 100 volumes of fact-finders of the evergreen pre-war magazines" have already left the

shelves. The mine is plainly rich. Not all the nuggets are from the *Magnet* and the *Gem*. We can also reap for lost youth over Tiger Tim, Nelson Lee and Sexton Blake, though in this book which selects passages from the St Jim's and Greyfriars canon, with the compiler's inevitably admiring comments. Not in fact, and, apart from a sample drawing in confirmation of the intentionally awful school song, no pictures.

I miss them. I would have liked to check on a half-forgotten worry about how Master Bunter and Mr. Quin kept their glasses on. These, seemingly from a shared opinion, had neither sides nor discernible price-tag mechanisms. A small point, though, and a matter for the artist (unknown, at least to me) rather than author Charles Hamilton, posing as Martin Clifford in the *Gem*, Frank Richards in the *Magnet*, or as Hamilton himself the artist? I wouldn't put it beyond him, anyway in terms of his monstrous energy. Between 1907 and 1939 he got off a long complete story every week for each paper. Given the graphic talent, he would have thought nothing of knocking out the illustrations as well.

Yet, on consideration, no. If Mr. Sutton isn't to Hamilton quite what Kitchel was to Mozart, he has an equal devotion which would hardly overlook even a minor jewel in his hero's crown. We are invited to take the rosette of views. The great man is presented not only as a master of plot, scenic description ("Where a little stream flowed through a gully in the depths of Friarfield Wood a rustic bridge spanned the rippling water") and character, but as a humorist, moralist, libertarian, observer of human nature, advanced social thinker, and much else that somehow got past his readers unnoticed at the time.

Well, I speak for myself. As I remember them, the stories were just stories, the Owl of the Remorse, the entrance impatiently awaited, and Harry Wharton & Co rather too uncomfortably good to be true. Still, we should remember that when they first came, the *Prerogative of the Harlot* would have benefited from ruthless editing. He might then have saved from representing Lord Beaverbrook as addressing his millions "while sitting in the toilet." O, what a waste was there: it might well stand as an epitome of the entire book.

Philip Howard

William Rodgers

## For the love of God

The Crusades  
By Antony Bridge  
(Granada, £9.95)

To write a history of the Crusades in the shadow of Runciman would be an act of hubris like piling Pelion on Ossa, or revising *Hamlet*. The Dean of Guildford has produced something more modest and more needed: a concise, popular, illustrated introduction to those two centuries of geopolitical earthquake. The only other good one-volume general history of the period is *The Crusades* by Hans Eberhard Mayer, translated from the German and published by Oxford. So this is a Swan's Cruise of a book rather than a degree course: light, bright, a good read, relying on the best authorities, with a few excursions into local colour, but inevitably superficial.

It is a period rich with complication; atrocious with bloodshed. The First Crusade set out from Europe to conquer the Holy Land in 1096. After the last great battle, was captured by Khalil on 13 May 1291. In between successive rabble of Europeans and Arabs, Turks and Greeks, Egyptians and Mongols, left their countries for their countries' good in the name of religion. In fact economic necessity usually drove their leaders wanted to make money, steal land, found kingdoms, and murder a Moslem for the love of God on the side.

Patric Dickinson

## Obedient servants

he Secret Constitution  
By Brian Sedgmore  
(Lodder & Stoughton, £7.95)

A political memoir sets a theme. How far can generalions be drawn from the particular experience of an individual? Do *The Diaries of a Minor Minister* tell us anything about the system or more about Crossman? When events easily verifiable, the balance can be redressed. But in a politician's discussion their largely personal experience of civil servants, what can we learn?

Mr Sedgmore would no doubt say that this is precisely his point and that "private and confidential" should be washed away in the cleansing dyes of open Government. But for the moment the dilemma remains. Who is to know, for example, "the power struggles" of the Department of Energy? Mr Sedgmore's own description of his civil servants were as "a clash between the forces of darkness and light?"

A politician with Ministerial experience, I am disposed to believe a colleague and some of the description rings true. I look back with sadness to the calm years of my own Ministerial life. Where was the drama and the conflict? Why miss it all?

Sedgmore, both civil servant and Member of Parliament, is a man of intelligence, engaging man who shames between Westminster and the hall with a sharp eye for pretentiousness. But he has not an odd bone in his body. I part treasure. It is a pleasure which a lot of good sense is denied behind a great deal of real pleading.

There is no doubt that *The*

*Secret Constitution* will prove a much-thumbed addition to the growing library of the student of the conspiracy theory of Government. The argument is broadly this: that Ministers, inspired by their Party's Manifesto and sustained by the rank-and-file, are frustrated in the performance of their duty by a Civil Service fundamentally hostile to effective political control. "We need above everything else," writes Mr Sedgmore, "civil servants who respect the democratic process." For the most part, this seems to mean doing what they are told without much argument. But Mr Sedgmore adds a curious rider. If politicians act illegally or "immorally," then it would be the duty of civil servants "to expose the politicians."

What does immoral mean? If in the judgment of a civil servant, a politician is proposing to commit a grave error and deny his colleagues relevant facts (and it can occasionally happen) what does he do? Is he to remain silent and delay and summon up support from wherever he can find it, perhaps the Treasury or No 10 where the Prime Minister can take his own political views? Mr Sedgmore asks for civil servants who are loyal but whose loyalty is quite impossible—and against human nature—for thousands of civil servants to be unquestioningly loyal to a Minister they have never met and totally detached from the affecting and assumptions of a lifetime in the public service. If excellence and expertise are qualities that Mr Sedgmore wants, are you now? Oakes achieves that Mr Sedgmore expects an occasional struggle before he gets his way.

This is not to say that the Civil Service is perfectly adapted to its role. Too many civil

servants lead a cloistered life, talking to each other. Too many consider the Civil Service and too few deal with the world outside. There is a longing for the rational and the orderly in a muddled and tiresome world. But I wonder. Did Aneurin Bevan find the Civil Service an overwhelming obstacle to achievement? Did Mrs Barbara Castle?

But Mr Sedgmore's analysis of the political Establishment—his own description—goes much wider. There are chapters on Prime Ministerial power (excessive) and on Parliament (falling short). I agree with much of what he says about the need for Parliament to assert itself and to improve its capacity to scrutinize and control executive action. I was one of only five members of the last Labour Cabinet (how's that for indiscretion Mr Sedgmore?) who strongly supported the idea of a new and comprehensive system of Select Committees. But Mr Sedgmore's curiously grudging about the changes that have occurred and too determined to pursue his thesis.

The new Select Committees do not appear to be hampered by what Mr Sedgmore calls "old ones, drawn from the old ones, drawn from the old ones." He says, is the refusal to allow Ministers to be summoned. What would Sir Geoffrey Howe, recent victim and smarting from it, say about that?

If Mr Sedgmore would forgo Mr Sedgmore and take a generous view of the motives of those around him, he might do more than write an entertaining and accurate personal book. He could find himself making a valuable contribution to the cause of justified reform.

William Rodgers

## ithy little self

om Middle England  
The Diary of the Thirties  
By Philip Oakes  
(Andre Deutsch, £5.95)

There is a particular sensation on immediately sheer assurance in getting into a book which is pretty sure to be a good one. It's like a lift with a strange driver as you feel at once "yes, he knows how to, all right." One's apprehension, too, but soon gives way to appreciation and then to that fulling self-confidence which lets one on the landscape and subconsciously note the brilliant (safe) passages, the gear-angles, the whole style of living. When you get out you are filled with a sort of ecstatic sentiment that the journey is so short (or timeless).

So it is with this book. It is a remarkably good. Philip Oakes recalling his boyhood and schooling between 1928 and 1939. All the "minors ingredients of the usual old man could be here: the dead, mother a tart just-bound invalid, and little hipp sent off to boarding-school—the Royal Orphanage school, Wolverhampton—to enter himself into the account is full of zest, humour, and relish: a capturing of an anything but careless reality. He takes the atmosphere of the school vividly credible (he ever refers to having "the Llanabla" (sic), but it is a very convincing

fictions of Captain Grimes and Mr Prendergast, Oakes makes you really believe in the singing headmaster, Mr Gibbs (live from BBC Birmingham); the young gamekeeper, Mr. the holy carpenter, Mr. Sleath. This is true for everyone—and if this were a novel one would say first-rate, anyway. But it's more, it's real; his mother, their "help" Mary, Mrs. Aarons, lush in her corset (who implanted Jewishness and the impending Nazi doom in his mind) and oh, Carpenter, ingenious school-crow, where are you now? Oakes achieves their recreation mostly by using what seems (and is) natural dialogue concentrated to its essence. Nobody spoke these words; neither his mother, nor his masters, nor his pals, nor his pithy little self. But never for a moment do you think that they couldn't have or didn't. Of course they did. This is surely what first-rate writing is.

Three years of a little boy's life have been made into a serious, comical, and wholly captivating work of art; an enduring message from "merric middle earth." I spread my arms and zoomed around the lawn spinning imaginary bullocks at the lupins and centurys. I was not one stopped me. No one reminded me that it was Sunday and I should be quiet. I flew on wings of my own making into the first quiet morning of the war. O, I fear, if you had had wings like these!

Patric Dickinson

## Fiction

A Last Resort  
By Julia Rathbone  
(Michael Joseph, £5.95)

The Healing Art  
By A. N. Wilson  
(Secker & Warburg, £6.50)

Living Arrows  
By Gillian Martin  
(Heinemann, £5.95)

Granta

Elegance and economy are virtues in the English novel. I confess myself rattled this week by a sense that fiction could be so much black as black. "What in the name of Common Sense is to recommend Brishmore?" So Jane Austen's words from *Sanditon* sit spikily in the pre-lims of the novel; and, truly, all that follows is an account of their prophetic accuracy. It is all very stylishly done, with a sense that the novel is in their place, and the fads of a cross-curriculum teaching, Social Workers, and Mums frowsey with Mogadon all hampered hands. But the true subject is the Living Past of Brishmore. And that is in turn an art object, a Last Resort, a lost village, and finally part of all our contemporary hell.

Since it is cancer, and the loneliness of a fading death, which focus the lives of the two women at the centre of A. N. Wilson's novel, it would be unreasonable to object that it spends little time on speculations about the worth of the society around them. Compulsive reading it is, the book does not altogether escape a whiff of the Ward Serial; but it is all very neatly done, and the plot has innuendues it would be unfair to reveal. A. N. Wilson might be surprised to find how much more of our sympathy he wins for poor, scrawny Doll, dithering in awe of both husband and doctor, than he can attract for his personable lady academic, whose United States adventures as a Lesbian self-disciplined seem not much more credible as unnecessary. At together, the novel is affecting; and the subject matter cannot fail to give a knock of fear to us all. But is it a serious book? I didn't think so.

Now Gillian Martin is another matter; a cool and by now practised observer of all the graceless in-fighting of family life. In this novel, she deals with one of the pettiest power struggles that mother-in-law is dying; and all her malicious jabs (which never rose much above complaints about properly knitted hot-water bottle covers) are dwindling into proportion even as her life ebbs away. The truth is that emerge then are sad indeed. For nothing is more doomed than the human possessiveness that hopes for immortality in the features of

those who survive us. Gillian Martin handles the absurd comedy of so many battles beautifully, and the structure of the novel involves a skilful dipping back through 25 years of memories, even while the actual events of the day leading up to the deathbed are allowed to unfold in a sequence which carries the book cleverly forward. Perhaps there is some-

thing a little too cosy about the relationship of the gallant housewife-behaving-as-a-bride to her own children; but this does not go unexamined any more than the husband, who escapes the author's cold eye.

Some of the best fiction this week is to be found in the two hundred odd pages of the new *Granta*, which is no longer a student publication, but an adventurous literary magazine which includes stories by Walter Abish and Robert Coover; an interview with John Barth; and most notably a novella by George Steiner, *The Portage to San Cristobal*. This last is an astonishing tour de force, hinging on the discovery of Adolf Hitler as a broken old man found in the swamps of Latin America by a group that has been searching for him so long their mission has become almost irrelevant. Almost, but not quite. For as the group move back towards radio contact and airstrip and the modern age, they weaken even as he gains in power. They are tormented by the terrible alphabet of the dead, drawn out in a feverish literary while Hitler regains the grandeur of the ultimate false Messiah: that unnatural mastery of the Word, which he sought to destroy the people of the Word.

The eloquence of Hitler's speech in his own defence is terrifying (not least because it is, necessarily, partly Steiner's own voice we are hearing). And there is much to be said for a novelist who should want to make issue. For one thing, I'm not ready to accept the logic of a continuous martyrdom, which seems to follow Steiner's visit of the Jewish gift of an unwanted conscience to the World. But what matters is that questions of some human scale are being asked. And if these are not very English questions for a novelist, he is asking then so much the worse for us.

Elaine Feinstein

Myself as Witness by James Goldman (Hamish Hamilton, £5.95)

At New Printing House Square The 28th day of May 1980. I have the text of the publisher's letter in front of me. It reads: Christopher to Philippus Temporum. What a letter! I never wrote to literary editors to recommend particular books. But in this instance I make an exception. It is a privilege to draw your attention to *Myself as Witness*. (Hannah, take in stock letter number 3.)

This index is a sequel to *The Lion in Winter*, another instalment in the home life of the Plantagenets. It purports to be a diary written by Gerald de Barri (called Cambrensis) at the request of King John as the true record of the last four years of his reign. In history, during the reign of Gerald, the turbulent Welsh ecclesiastical life of St David in the retirement of the cloisters of Lincoln: a prudent place to be between 1212 and 1216.

His new chronicle tries to rehabilitate the black reputation of John, showing him to have been a selective existentialist hero driven by fate, and dogged by bad luck and bad barons. From the French caper and Isabelle's roving eye to Magna Carta and losing luggage in the Wash, it is full of enough drama, violence, sex, and madness to give modern politics a good name. Goldman is clever at catching the domestic detail of medieval life, the subtle foreshadowing of events on chequerboards to conquer world through mud and figures of court fowls.

In our summer books supplement tomorrow: Michael Ratcliffe and Mary Cosh on tracing Peter Langan on eating John Grouse on drinking, Roy Hay and Michael Leighton on digging, David Hunt on the past, Ronnie Faux on sailing, Hugo Vickers on royals, Ewan Appleby on fiction, Ewan Keating on crime, Philip Toomey on historicals, Michael Alderson and Neil Phillips on children, Peter Waymark on show business.

## The biography everyone is reading

'Elaine Dundy's  
FINCH, BLOODY FINCH  
is a bloody good read'

SHERIDAN MORLEY

'One of those rare books that cuts deep into the subject of what it means to be a star'

CLIVE JAMES

'A perfect collaboration between author and subject'

MICHAEL HOLROYD

'Every part of the book is fascinating... poignant'

SIR HAROLD HOBSON

'Perceptive and compassionate'

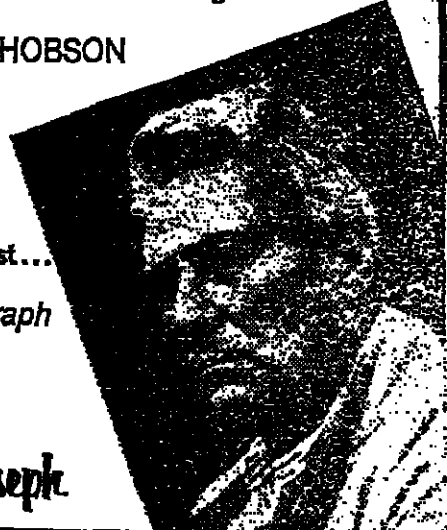
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# Coming to terms with the agony of being alone

A high-contrast, black and white photograph of a woman sitting at a desk, looking directly at the camera. She is holding a large, crumpled piece of paper in her left hand and a pen in her right hand. A mug is visible on the desk to her right. The image is grainy and has a high-contrast, almost stencil-like quality.

**Mrs. Castle: work helps but sometimes the heebie-jeebies close in...**

Bernard

# Trying to dial M for murder

## How America could have isolated Iran


## DIARY

1. *Journal of the American Medical Association*, 1997; 278: 1039-1044.

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# LONDON DIARY

## Who coloured those Alice drawings?



A remarkable example of taking the long view was spotted by Mr David J. Kingsley on a recent visit to New York from

have declined when he put his other hat as shadow Minister for Sport recently & attacked Mrs. Margaret Thatcher for her Olympic Games policy.

...and the





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## RECESSION AND INTEREST RATES

...which economists forecasting for the has now arrived in output is falling and the employment is rising. The pressure on com- ing a combination of pay increases and demand for their becoming intense. In these pressures make greater by the sterling, which has tantially both against and against other currencies.

...cess of squeezing out of the system is a painful one, a fact the Government has ignored. But there is that a combination of the Government's are making the are severe and more it need be.

...e two main anxieties being expressed by indeed the Govern- ment to tread a careful line between infla- one hand and of lasting damage on the other hand, concerned about the interest rates and the rate. The current interest rates was a expedient to bring about growth in the by. This showed clear anding at a rate well 7 to 11 per cent which is the Govern- ment.

...k has now been the latest figures for supply show that it is a rate, conso- Government's target rate that private bank in a high level total increase in the dy, not one of its

...components, which defines the target of Government policy.

There is thus some scope for an easing of interest rates whilst maintaining a commitment to the achieving of money supply targets. That does not mean that later in the year there might not be an occasion when interest rates had to rise again to check excessive monetary growth. It simply is a statement of the fact that on the figures available to us at the moment the monetary indicators point to the possibility for a reduction in interest rates.

Governments in the past have tended, on the whole, to be too slow rather than too quick in adjusting interest rates to monetary conditions. On monetarist grounds it would be a mistake to keep interest rates high against forecasts of monetary problems in the future which may not materialize. The probability is that the recession will, of itself, start to exert downward pressure on company borrowing as stocks are run down.

The case for a reduction in the level of interest rates is reinforced by the international pressures which are building up. The surge in interest rates in the United States has now given way to an equally precipitate drop. The gap between interest rates in the United Kingdom and those abroad has become very large and may grow larger unless the authorities here reduce our own interest rates. The impact which this is having on our exchange rate is now clear. Sterling has appreciated by well over ten cents in recent weeks. It is no longer unreasonable to talk of this pound standing at \$2.40 or perhaps even at \$2.50 in the near future.

Such an exchange rate imposes quite unacceptable burdens on those who rely on exports for their business or whose home market is particularly exposed to foreign competition. In the

long run our industry can only hope to survive by becoming more efficient and reducing its costs. There are advantages in having a strong currency. It reduces the cost of the raw materials which we import and exerts a restraining influence on prices in general. By forcing us to find ways of increasing productivity and to concentrate on goods where quality is as important as price it points the way to the restructuring which is needed to lay the base for prosperity in the future.

But no industry, however well run, can be expected to adjust quickly enough to cope with increases in the parity of the pound as large as we have seen in recent months. If a reduction in interest rates led to an outflow of some of the hot money which has come to London since the start of the year, and thus to a decline in the exchange rate from its present unrealistic level, this should be welcomed.

There is now a real danger that the recession could prove so severe as to cause permanent harm to our industry. A Government move to relieve some of the strain which manufacturing is facing would not need to involve any of the basic elements of the Government strategy, which rightly places control of the money supply at the centre of its policy. There are however dangers in trying to do too much too soon. That could lead to a backlash which undoes the good which the policies are designed to achieve, as could happen next year if unemployment rises to a level which forces a reversal of policy. It can also lead to imposing excessive costs on the economy in pursuit of goals which ought to have general assent. In its interest rate policy the Government ought to be thinking of a light touch upon the tiller.

## IEWS OF A SOVIET DEFECTOR

...teresting about Mr the Soviet defector have been interview- past week, is that rry ordinary product apparatus in every at that he defected. is way dutifully up der Stalin, suffered far loss of illusions was discredited, and on with waning iave a modest level He was neither a great artist. He secrets to sell, nor sense of mission. He any hopes of great west. He defected e system seemed to gainst him to deny pects which he felt after long and loyal use of personal in- ire to go on living and a basic lack of at he was doing, been sufficient to the decision. In a feing not from neot from the absence in the Soviet Union. e of purpose, order e. There was simply old his loyalty once is at an end.

...there is a lot that en if his decision, to not, but even that revealing, for it hollow core that is centre of the Soviet Mr. Dzhirkvelov and his account is others, the Soviet run by an "aristo- a body of thout principles or al of the Stalin era,

...benefit cuts vector. Child Poverty that the two Social have passed through tually uncashed and rest outcry. (Social 21) should not be ure the genuine with a ramp up such as the Action Group who ak on behalf of social ants.

...ly, the media are not ted in relating that general public. Two the House of Com- 1 by pensioners and is from as far away is to protest against were ignored by most measures possible.

...It is much more cus public attention ings implications of s for the unemployed cri-scrounger" cam- a steady stream of speeches about the and "scroungers" e years, paved the e Security (No. 2) erefore, no surprise no general outcry against a Bill which standards of the un- other social security

...tion, those who are the social security e to ask themselves most effectively ex- ent. In the imme- of the points on erment is most vul- justification: it has r the suspension of rooing of the bene- zed that this is "an re in lieu of tax- th the exception of it, the Social Ser- has refused to give at, the cuts in bene- stored once they are

...though Mr Dzhirkvelov seems only half in agreement, but it makes for a system with profound and growing internal weaknesses. Creativity and initiative are stifled, innovation is held back, and the top level of the apparatus is increasingly isolated from reality by the self-serving tendency of the lower levels to pass upwards information which it believes the top level wants to hear. The bringers of good news are more likely to be promoted than the bringers of bad.

This means that large and small decisions are often made on the basis of distorted information and over-optimistic assumptions. Mr Dzhirkvelov cites examples from his African experience which show Moscow badly out of touch with reality, but there must be many others. Almost certainly, for instance, the decision to invade Czechoslovakia in 1968 was based on information which underplayed the support for Mr Dubcek and exaggerated the dangers of instability. Probably the invasion of Afghanistan was based on similarly over-optimistic assumptions about the ease with which the country could be subjugated. On a more general level there are plenty of examples of Soviet actions conspicuously failing to understand the workings of the American political system. And even if the leadership gets accurate information on the carastrophic state of the Soviet economy it is so insulated from reality by its own privileges that it probably cannot entirely grasp the truth.

The implications of this for the west are worrying for a number of different but related

reasons. Firstly, a country which bases its policies on a distorted view of the world, and which may not be fully informed about itself, is inevitably dangerous and difficult to deal with. Secondly, a country expanding from an empty core is more dangerous than a country which still believes in itself. For a communist state, in particular, a firm belief in the scientific laws of history will tend to make for patience, since there is no need to take risks if history is on one's side, but when faith weakens the temptation increases to prop it up by demonstrating forcibly that communism is on the march. Otherwise the legitimacy of the entire system can be questioned. To a great extent it is not communist zeal but the crumbling of that zeal which drives the Soviet Union to expand its influence abroad. Thirdly, when the ruling elite of an imperial power begins to doubt its right to rule, and to rule to preserve itself, not has set in.

As Mr Dzhirkvelov says, something must happen. But, as he also suggests, there are dangers in both directions of change—in tighter controls and in greater democratization. There is no obvious way out. This, too, increases the dangers ahead, for even a new leadership, which anyway will have earned its promotion by deference to the existing order, will have no clear answers in sight. It will be under the same pressures and the same handicaps as the present leadership and possibly under still greater temptation to try to escape them by taking risks abroad.

wards some sort of United Nations resolution is conceivable enough. It must be realized that a resolution that will not in any event solve the problem is not worth it if at the end of the day the Americans are embarrassed and alienated. It is worth it if it helps the Americans to pressure the Israelis at the appropriate time and puts Europe in a position to exert pressure on the Palestinians. In short we must work together with the United States, or not at all.

The overall geo-political background is such that once again Europe should either put its money where its mouth is and contribute to the defence of the Gulf or at least do nothing to impede a United States increasingly appearing ready to assume a stronger and more active role. Whilst Camp David is in obvious difficulties over the West Bank it has in larger terms established both Israel and Egypt as the principal Western allies in the area. Our other Arab friends appear to be a series of vicious circles, caught in a series of vicious circles. They want American protection and yet are afraid to grant them the military bases or facilities necessary for that protection. They resent American support of Israel, yet as they champion the Palestinian cause they have considerable fear of a left-wing Palestinian state.

At the end of the day the realities are such that progress will have to be slow towards a Palestinian solution, which there must be, and it will be easier to achieve region has confidence in a united Western alliance working together towards the same ends. It will not be achieved if we all run around looking for separate roles. In all these things the overwhelming priority is the Western Alliance. If this is healthy, solutions will be found in which the majority will have the confidence to agree. Yours faithfully, PETER TEMPLE-MORRIS, House of Commons.

## Timing of doctors' pay award

From Mr Russell Hopkins. Sir, It is curious of the nurses, trade union leaders, the press and some politicians, such as Mrs Shirley Williams, to misrepresent the recent award to doctors and dentists, which is the last of several catch-up exercises by the professions which have resulted from the previous Government's pay policy. This award contains a promised third instalment of 10 per cent and completes the award made over three years ago. Delay in paying this sum has resulted in consultants losing, irretrievably, nearly £11,000.

The nurses' catch-up award came from the Clegg comparability commission, which also reduced their working hours. A commitment by the Callaghan Government to the nurses and our own award has been honoured by the present Government, and both professions have received, approximately, a 65 per cent increase in the last two years.

The present wage claim by the nurses is prospective and is to be negotiated with the Government without a previous commitment and cannot be considered with the 18.7 per cent award to doctors, which is retrospective and is a catch-up award for inflationary changes from April 1, 1979, and which, incidentally, already falls behind the present rate of inflation. The doctors are always, therefore, in a catching-up situation. I am, Sir, yours truly, RUSSELL HOPKINS, 102 Cathedral Road, Cardiff.

## Legal curbs on picketing

From Dr Brian Napier. Sir, The criticisms of clause 16 of the Employment Bill made by Mr Alan Campbell, QC (May 27), are to the effect that the provision does not go far enough in controlling union secondary action, in that firms whose business suffers because of "legitimate" secondary action cannot take action against those responsible for it. He concludes that what is forbidden by clause 16 could well be of little practical consequence.

This is certainly not the view of the TUC, which in its original commentary on clause 16 described it as "far reaching and dangerous" and outlined a wide range of situations where action is taken with the object of bringing political pressure on the employer in dispute to settle, and where action is taken against potential suppliers or customers, as well as, of course, where it is taken against those who directly supply or customers of the employer in dispute.

Clause 16 should also be considered alongside clause 15, which limits lawful picketing to an employee's place of work. If Employer A, who is in dispute, subcontracts orders to Employer B, then A's employees lay themselves open to legal action if they picket B's premises—although by this strategy A may be able to defeat the industrial action taken against him. What is more, clause 16 repeals section 3(3) of the Trade Union and Labour Relations Act, 1974, a provision inserted originally to curb judicial tendencies to find new liabilities in tort free of the so-called "golden formula".

There is a widespread fear (see, eg, the speech of the Rt Hon Harold Walker, MP, *Hansard*, April 17, col 1392) that this repeal may have serious consequences for the legitimacy of all industrial action, secondary and primary. The Government do not share in this fear, but it can hardly be denied that the disappearance of section 3(3) will facilitate judicial creativity in this sensitive area.

In all these circumstances, and hearing in mind that a Green Paper is promised for the autumn which will review the general scope of the trade union immunities, it would seem unreasonable to think clause 16 for not going far enough.

Yours faithfully, BRIAN NAPIER, Queens' College, Cambridge, May 27.

## Care for the elderly

From the Director of Social Services, Derbyshire County Council. Sir, In his feature on how we fail to get full value for money from our personal social services (May 28), Robert Bessell refers to the savings which could come if simple services were provided by government departments. How right he is in relation to the mentally ill and the elderly.

As Director of Social Services for Derbyshire I am keen to pioneer a new form of care for the elderly based on individual housing units (similar to those described by Bob Bessell). Residents would maintain maximum privacy, but from a small social services unit on the campus a flexible range of services would be provided for the elderly disabled, extending to meals provision, domestic help and bathing. Such a development would avoid the lapse into dependence which can affect the elderly in traditional homes for the elderly. At the same time the new type of provision would ensure that assistance is available should it be needed.

Several local authority housing departments in the area are interested in an interdepartmental structure of this kind. Yet discussions with the Department of the Environment suggest that a hybrid between a traditional home for the elderly and local authority housing threatens the rule book. This despite the fact that Michael Heseltine's Department is planning a long-term "ditch" Parker Morris standards and other long-cherished yardsticks. Is the lesson to stick to traditional approaches—even if they provide a poorer, and costly service? Yours faithfully, JOHN JILLINGS, Director of Social Services, Derbyshire County Council Social Services Department, County Offices, Matlock, Derbyshire, May 28.

## LETTERS TO THE EDITOR

### Retaining Britain's nuclear capability

From Marshal of the Royal Air Force Sir Neil Cameron.

Sir, I hope you will allow me to offer a further contribution to the very important debate which your columns have fruitfully encouraged on the future of Britain's nuclear deterrent capability.

The exchange has highlighted several arguments for keeping that capability. Lord Caccia (May 15) and Lord Greenhill of Harrow (May 16), both long and widely experienced in the uncertainties of the international scene, value it in case one day we have to maintain our security in a world that might be very different from today's and perhaps much more menacing. Now would be a strange time for Britain to decide to surrender a deterrent insurance we have had since the 1950s.

There is weight also in the political factors which Field Marshal Lord Carver (May 16) accepts as reasons for not pushing to its logical limits his own opposing case. British withdrawal from independent nuclear effort would indeed convey damaging messages to our own people, our allies and our adversaries. It is however hard to see why these messages would be so damaging if the independence of our current capability had as little reality and point as Lord Carver himself argues. I am also far from clear of the nature, value and prospects of the arms control deal for which he would trade in our capability, but I take that to be perhaps a secondary issue for him. Arms control is plainly much more than that for Mr Sydney Bailey (May 21), whose concern for non-proliferation I respect. My difficulty with his argument is in his insistence on a solid ground for thinking that British nuclear renunciation would decisively affect the actions of potential new "nuclear" countries. It seems to me that these countries (and their numbers in this period very small) will be moved by their own security but to that of our European allies that there should be in Europe, and fully committed to the Alliance and its strategy, a nuclear power which poses that kind of risk for Soviet calculations to take into account if aggression is ever contemplated and long before it is launched. In practice, Britain is the only candidate for that role.

I do not claim that our having the role transforms the Alliance's deterrent posture. It does not provide an alternative to United States nuclear commitment: it does not double the risk which the Russians would otherwise face. But the stakes are so colossal that such a change even in a limited degree can be of high value, particularly when it operates at what is inevitably a key point of potential fissure within the Alliance, as Dr Kissinger reminded us all somewhat brutally not long ago. I see that this year's Defence White Paper put the matter thus: "An adversary assessing the consequences of possible aggression in Europe would have to regard a Nato defence containing these powerful independent elements as a harder one to predict, and a more dangerous one to assault, than one in which nuclear retaliatory power rested in United States hands alone." That seems to me true, and at the heart of the matter.

Yours faithfully, NEIL CAMERON, 78 Ennerdale Road, Kew, Richmond, Surrey, May 27.

### British Olympics decision

From the Reverend Nicolas Stacey. Sir, The British Olympic Association has not needed a foreign voice of Parliament and boycotted the Olympic Games. But this does not stop individual athletes from doing so. If the mere handful of British men and women who have some chance of winning a medal were to accept that to compete in Moscow is to sip a poisoned chalice, what little interest the British public still have in the Games would soon evaporate.

Those of us who competed in the Olympic Games in less troubled times must be asking ourselves how we would have responded to the boycott call. I am sure we were no wiser, nor more moral, nor indeed more patriotic than today's athletes, but I believe we would not have gone to Moscow.

First, many of us had fought in the War and all of us had experi-

enced the meaning of Nazi aggression. It is difficult for today's leading sportsmen, born after the war ended, to understand the horror that Russia has inflicted on Afghanistan. Secondly, it is only in recent years that a mystique has developed round international sport and sportsmen that isolates it and them from the real world. Athletes talk as though they sincerely believe that world statesmen and politicians struggling to maintain the peace of the world and save the human race from destruction should not interfere with the true gospel of sport in which they participate as young gods, exempt from the rules and obligations that govern the rest of us mortals.

Yours faithfully, NICOLAS STACEY, The Old Vicarage, Selling, Faversham, Kent, May 26.

This purpose, producing "plant-meats" of the tempeh type. A genuine "shamburger"—made from beans, not cows—was achieved in one adaptation.

The tempeh-fermentation renders the pulses more digestible and enhances their nutritional value. Unlike many oriental foods, tempeh is not salty. Pulses being nitrogen-fixing crops, they fit well into sound systems of husbandry, and such fermentations are forms of processing thrifty in the use of fossil-fuels. Good wishes, ALAN LONG, Vegetarian Society, 53 Marlborough Road, W8, May 24.

living. A single fish and chip restaurant—not a chain of shops—was the only means available at the time. He remained politically active even after his resignation in 1973. He was instrumental in the organisation of the anti-Apartheid movement among Ugandans in this country. His eventual return to Africa in 1978 was not "to join the group of exiles around Dr Obote in Dar-es-Salaam" but to participate in an armed war of liberation against Amin. Yours faithfully, V. K. MUWANGA, 39 Alexandra Crescent, Bromley, May 19.

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## The vision of Scottish artists

From the Keeper of the Scottish National Gallery of Modern Art. Sir, Mr Michael Jacobs (May 15), writing from London E9, makes a number of strangely motivated assertions about twentieth-century Scottish art. As well as being motivated, they are also wild to the point of absurdity. Of course, it is true that many Scottish artists, like many Scots in all walks of life, and not a few Welshmen, Yorkshiremen and others, have left their native place in pursuit of their careers. A few of these may have "rejected their native environment". This does not make them any less Scotsmen, Welshmen or Yorkshiremen.

It is also true that a particular small group of Scottish painters born in the 1870s and 1890s formed close links with France and spent much time there, and their vivid palettes may possibly reflect that fact. They created a francophile tradition which still has its adherents today, but they have never been the "very large number" of Mr Jacobs's imagination. He implies that these painters falsified their native environment. He has probably not seen the white sands of the Hebrides in summer sunshine, which Penelope and Cadell correctly transposed. Confidence in Mr Jacobs's perception of landscape or painting collapses altogether at his preposterous assertion that William Gillies's paintings of Temple Loch should have provoked such a distorted reaction. Mr Jacobs would find many real targets of criticism if his "close survey of twentieth-century Scottish art" amounted to anything at all. It is wider and more varied than he seems to have any idea of.

Yours faithfully, DOUGLAS HALL, Keeper, Scottish National Gallery of Modern Art, Royal Botanic Garden, Edinburgh, May 28.

### A Gilbert White rarity

From Lord Selborne and others. Sir, The village of Selborne in Hampshire was made famous by the Reverend Gilbert White (1731-1793). His *Natural History and Antiquities of Selborne* is a classic of both literature and natural history, and is known throughout the world. White's house, The Wakes, is now open to the public as a museum founded 25 years ago.

The Gilbert White Museum, the Selborne Association and the Selborne Bookshop are particularly concerned about the potential loss of some important manuscripts relating to Gilbert White which came up for auction at Christ Church, Oxford, on June 12. These are a longhand working (final draft) of White's book, which contains a good deal of unpublished material. It has not so far been used by biographers and is therefore of vital interest to those concerned with Gilbert White and his works. The collection of MSS has been out of the country for some years; so it will not be possible to ensure its return to Britain by stopping an export licence.

At the estimated auction price of over £15,000, the Gilbert White Museum (a small private institution) is quite unable to bid for this unique MSS unless nearly all of the money can be raised through efforts. An important part of our British heritage may therefore be lost to the nation.

One hope is that the MSS can be purchased by a British public institution which will make it available for study for all time. We should welcome letters of support, or promises of financial contribution, which should be addressed to The Curator of the Gilbert White Museum, Selborne, Alton, Hampshire, GU34 3JH (Selborne 275—office hours). With the sale only a few days away, the matter is extremely urgent.

Yours faithfully, SELBORNE, Trustee J. E. COULSON, Trustee ROBERT STORRAR, Selborne Association JUNE CHATFIELD, Curator ANNE MALLINSON, Selborne Bookshop The Gilbert White Museum, Selborne, Hampshire, May 27.

### Threat to refugee schools

From Lord McNair. Sir, May I support Mr John Stebbing's appeal to the EEC (May 26) to prevent the threatened closure of the UNRWA schools in Syria and Jordan?

Having visited some of them in April of this year, I can fully confirm all that he says about the dedication of the Palestinian teachers and the "exceptional brightness and application of the children". The punishment for naughtiness at school (a rare event) is to be forbidden to go to school the next day.

In 1979 the EEC, its member states, and Norway and Sweden together contributed 43 per cent of UNRWA's total income. Today we hear much talk of a new European initiative to solve the Palestinian problem. How better could Europe enhance its moral standing and thereby its chances of success than by doing as Mr Stebbing suggests? The need to prevent the collapse of UNRWA is perhaps the only thing on which Jordan, Syria, Lebanon, Israel and the Palestinians are unanimous. Yours faithfully, LORD McNAIR, House of Lords, May 26.







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# AUSTRIA

events dominate the Austrian scene. They are the twenty-fifth anniversary of the signing of the State Treaty, presidential election and the 200th anniversary of the death of the Empress Theresa.

25 years since Austria took on its present form as a neutral, independent nation. The country has a fairly economy, has maintained the same Government headed by Dr Bruno Kreisky, the Chancellor, for a decade, and is taking an increasingly active part in international affairs.

has become the that Austrians suffer from a sense of insecurity: they have enough real reasons to feel insecure. Their geographical location is the first. What we call Austria, the Austrians themselves call Österreich, the Empire in the East. It was at the walls of Vienna that the Ottoman Empire met its match. All areas east, including parts of present-day Austria, were Turkish domain for more than 500 years.

Three of Austria's seven neighbouring countries are now communist, two of them members of the Warsaw Pact. Two further neighbours live firmly foot in the past, proud of their past, but not easy for them to let go of. The Austrians are in a position of being the Austrian Empire. Today still much which to the monarchy empire, from the importance of courtesy and respect to the present-day Austria differs from a colonial conqueror, is that very of its inhabitants their roots in the world away—in Vienna.

Hungary, a, in Poland and d in present-day Somewhere in a mentality is a of insecurity ents many peo- njoying the full the society they in the past a century. After Austria has the rate in the d world, be wrong to say

For 10 years, from 1945 to 1955, the four Allied Powers controlled Austria during the long and often painful negotiations which led to the State Treaty and neutral independence. Austria needed those 10 years to ripen towards its new status. From 1933 onwards an overwhelming majority of the people had believed passionately in the Third Reich, and had given their freedom and their lives for



Mr Andrei Gromyko, the Soviet Foreign Minister (left), and Mr Edmund Muskie, the American Secretary of State, at lunch in Vienna during ceremonies to mark the signing 25 years ago this month of the State Treaty, which gave Austria its independence after 10 years' allied occupation.

As an Austrian in late middle age succinctly put it only motive for their political behaviour was the will to survive. Now, 25 years on, Austria is still haunted frequently by its Nazi past. Herr Simon Wiesenthal, a Nazi-hunter, has given up trying to bring Austrian war criminals to justice. In a country where there are still an estimated 500,000 former Nazi party members, it is impossible, it appears, to run the country without some of them still in leading positions in politics and industry.

Chancellor Bruno Kreisky was heavily criticised for including former active Nazis in his first two cabinets. The Liberal Party has been unwilling to make haste in shedding people with an active Nazi past from its leadership. But those who suffered were not those responsible for what happened during the war. It was, as ever, the ordinary people who suf-

The shock which politicians evinced during the presidential elections on May 18 when a last-minute neo-Nazi candidate running a campaign for "a German Austria" polled 3.2 per cent of the vote, representing more than 140,000 voters, seems somewhat hypocritical. It simply confirms that many Austrians are unrepentant about their past, but have learnt that their future lies along different lines.

The Austrians are hard workers. Many families require three incomes to attain a respectable standard of living. Both man and wife have normal, steady jobs and one of the two will take on a further spare-time job as well. Many families build their own homes, with a minimum of help from outside.

Industrial relations are, on the surface, excellent. Strikes are practically unknown. Working conditions, however, outside the main state-controlled industries, are often far below the West European norm, and management-employee relations are feudal. The trade unions are in no way militant, and the workers themselves accept these conditions because of the all-pervading fear of unemployment.

Three decades of economic hardship have left a firm imprint on industrial relations. The Government's highest priority is to create jobs and keep unemployment down at all costs. Even if the figures are slightly more rosy than they deserve to be, an unemployment rate of under 3 per cent nowadays is something of a triumph.

to the parents of a newborn child, and a further 8,000 schillings a year later if the mother has fulfilled the necessary medical obligations.

As a result of this financial encouragement, more children are being born, the death rate within the first year has been halved, and many illnesses can be traced and cured or corrected at an early stage.

Foreign workers' families do not benefit from this system until they have lived in the country for over five years. Few reach this target, since the Austrians are much more ruthless than most Western European countries in showing foreign workers the door as soon as their jobs are needed for unemployed Austrians.

Farmers also consider that they do not benefit equally from a flourishing economy. The problem of the mountain farmers is one which Austria shares with its Alpine neighbours, and which appears to be only alleviated by the introduction of more tourism in remoter areas.

Austria is, ironically, a conservative country which has chosen its own form of socialism. Last year the Kreisky Government was re-elected with an increased majority which, in spite of allegations concerning the private business interests of the Vice-Chancellor and the former Defence Minister, is proof of the country's confidence. Austrians refer popularly to their Chancellor and Vice-Chancellor as the "Sun King" and the "Crown Prince".

Most tourists are greatly impressed either by Austria's magnificent scenery or by its culture. Vienna's opera, however, is not one of the most progressive. Modern music has little place in the repertoire and there is not much room for experiment, the argument being advanced that "the public doesn't want it". A shining example of the fact that experiment can be welcomed by certain sectors of the public, however, is the Carinthian summer festival.

The theatre in contrast, is willing to take the risk of producing the works of modern authors such as Pavel Kohout, who was deprived of his nationality by the Czechoslovak authorities last year after spending a year on leave in Vienna. For a people with so much pride in their past, the Austrians have a mixed record as far as archaeology is concerned. They are of course not alone in this. Every remnant of the Habsburg Empire is lovingly refurbished and cherished, as the magnificent Maria Theresa exhibition in Schloss Schönbrunn demonstrates. The interest in what went on before that is not always marked with the same enthusiasm.

This year two extremely interesting exhibitions are being staged. One is in Steyr, devoted to the Hallstatt culture, and runs until October 25. The other, on the Celts in Middle Europe, is in Hallein and runs until the end of September.

It is unfortunate that the irreplaceable Roman temple complex of Carnuntum is about to be subjected to quarrying, and that other parts of this incomparable site cannot be properly excavated because of a lack of funds before they are used as building sites.

Sue Masterman

## CREDITANSTALT-BANK

### From the Chairman's Office

The past year has followed the pattern of progress forecast for it. A programme of entrenchment and development, of extension of existing facilities, of consolidating valuable contacts and of furthering relations abroad has strengthened Creditanstalt's position as an international banking force. During this period, too, a representative office was opened in London, reflecting our close associations with this world financial centre.

In 1979, loans to domestic and foreign customers rose by 19.3%, deposits increased by 17.9%. Special efforts were again made in the field of export financing. As a result the total volume of export loans expanded by more than 45%. Creditanstalt again played an important role on the Austrian capital market, where approximately 20% of the total new issue volume was guaranteed by the Bank and a record AS 10.4 billion (US\$ 937 million) placed with the public.

Our strength is firmly based on the total assets of the CA Banking Group of AS 212.4 billion (US\$ 17.1 billion). A dividend of 10% will again be paid.

Although 1980 will be a difficult year, it presents a challenge which we are confident we can meet. With our wide-ranging resources, we are in a strong position to provide the best services possible to our existing and potential clients.

*Trummer*

Telephone: 0222 6222 - Cable address: Creditanstalt  
Member of EEC European Banks Institute

Salient Figures	CREDITANSTALT		CABANKING GROUP	
	AS	US\$ Change	AS	US\$ Change
Loans	95.4	7.87 +19.3%	122.4	9.33 +19.4%
Due from Banks	41.4	3.23 +19.3%	44.8	3.59 +19.2%
Securities	22.7	1.23 +8.9%	31.3	2.52 +10.7%
Deposits	182.7	12.88 +17.9%	186.5	16.06 +17.8%
Capital and Reserves	6.0	0.49 +8.9%	7.5	0.80 +8.7%
Balance Sheet Total	187.1	13.44 +17.0%	212.4	17.08 +16.8%

Creditanstalt



On the outside, without economic advantage

## Success for the survivors

It is difficult not to enthuse about Austria's economic performance. A small landlocked country, without any clear natural advantages, situated on the periphery of Western Europe, Austria has somehow managed to achieve steady economic growth and a continuing rise in living standards.

The 25 years since the end of the postwar occupation have seen the country's wealth, expressed in terms of gross national product per head, move from well below the average of the Western industrialized world to a position in the top flight of European nations.

During the difficult years of the 1970s Austria became the envy of other states through its ability to maintain full employment, keep up economic growth and hold down inflation.

Now as Austria is celebrating the twenty-fifth anniversary of the State Treaty that finally established the country's postwar independence, forecasts that economic growth this year would be limited to a real 2 per cent are beginning to appear conservative, while fears that unemployment might rise significantly from the present 1.8 per cent of the working population look unfounded.

Inflation, running at an annual rate of between 5.5 and 6 per cent compared with just under 4 per cent last year, is a worry, but the Government in Vienna hopes to keep the level of price rises below 6 per cent this year.

With Sweden having been paralysed by nationwide strikes in a late spring of discontent, there is a great temptation to see Austria as a model society and economy for Europe.

It is easy to gloss over the blemishes on Austria's economic achievement—such as a high budget deficit and a growing gap in the balance of payments—by pointing to the country's ability until now to take economic problems in its stride.

But before going on to consider whether the Austrian economic model might be transferable and whether it is likely to prove durable, it is necessary to look at the historical background.

When the Second World

War in Europe ended 35 years ago, the outlook for Austria was anything but encouraging. Not only was the country confronted by wartime devastation and occupation, but its prewar record had been one of singular failure.

The defeat of the central powers in the First World War resulted in the break-up of the largely autocratic Habsburg empire and left in its place a small republic, shorn of its traditional markets and supplies of raw materials.

The 1930s brought civil war and unemployment on a massive scale. In 1936 no fewer than 600,000 people out of a labour force of 1,700,000 were out of work.

But this period, when unemployment affected every family in the land, helps to explain the success of the Austrian economy today. Those who survived the collapse of the First Republic, the annexation of Austria by Hitler's Germany and the determined to work together. Backed by general agreement that mass unemployment is politically unacceptable, the founders of the present republic, not only determined to set up democracy but created an impressive system of labour relations.

At the centre is a powerful trade union structure. The Österreichischer Gewerkschaftsbund, the Austrian trade union federation, is a remarkable institution in that it exercises financial control over its 15 member unions. The members' subscriptions are transferred fully to the OGB, which then reimburses the costs of the individual trade unions, with the result that the OGB can play a decisive role in determining policy.

Policy since the creation of the modern Austrian state has been moderate, irrespective of the political persuasion in control. The OGB maintains that it has no interest in pressing for maximum wage increases if this threatens jobs. Officials at the trade union federation's headquarters in Vienna regard strike action as a symptom of failure. Even after a strike people have to sit round a table and talk to each other, so why not do so without wasting production? Not surprisingly, the

Austrians measure strikes in terms of hours of production lost rather than in terms of working days lost. Last year only 6,111 hours of production were lost through strikes in Austria.

The union moderation in wage demands is matched by an understanding on the part of the employers of the need to maintain full employment. The underlying agreement on economic policy was illustrated graphically at the beginning of this month when one of the speakers at the opening of the twelfth congress of the metal workers' trade union was Dr Rudolf Salinger, the president of the Austrian Employers' Federation.

At an institutional level, the Austrians have worked out a system of quietly determining the level of wage settlements through the Parity Commission for Wages and Prices, a voluntary body in which employers', workers' and government interests are represented.

The parity commission, which has been meeting regularly under the chairmanship of the Chancellor since 1957, does not itself negotiate wage settlements, but it is in a position to make all participants in the economy aware of scope available for wage increases. The trade unions are represented on the parity commission since 1957, does not itself negotiate wage settlements, but it is in a position to make all participants in the economy aware of scope available for wage increases.

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ernment and the employers, were representatives of the church and the army.

The amount of formal and informal contact between the different interest groups in society affects the way the economy works.

The manager of the Austrian subsidiary of a multinational group related what happened when headquarters told him to cut the workforce at a factory by 500 men. He raised the issue with the trade union representatives on the company's supervisory board who asked if he had mentioned the issue to Chancellor Kreisky.

He replied that he had not and that he did not think it was his job to take such an initiative in the circumstances. But some days later he received an invitation to meet the Chancellor who said he could not allow the dismissals to go ahead. The economic circumstances were explained. Shortly afterwards Dr Kreisky made an official visit to Moscow, one result of which was that the company obtained a large order from the Soviet Union and the jobs were saved.

Today Dr Hannes Androsch, the Finance Minister and Deputy Chancellor, can claim that there is no real difference between the Government and Opposition on how to run the economy.

Indeed Professor Stefan Koren, who as president of the Austrian National Bank is responsible for maintaining the policy of keeping the schilling a hard currency on foreign exchange markets, was shadow finance minister before his appointment at the beginning of 1978.

The apparent success of the Government's policy makes criticism by the political opposition all the more difficult.

But there are some economic developments in Austria that are causing unrest in business circles. Dr Hans Igler, the president of the Austrian Industrialists' Association, maintains that the 10-year-old Government of Dr Kreisky has achieved full employment at the cost of Austria living beyond its means.

Peter Norman

Austria is slowly waking up to the fact that it has difficulties with its balance of trade. Although exports expanded vigorously in the early months of 1979, last year's visible trade deficit of 63,600m schillings (about £2,120m) was the second largest to be recorded in the country's history and overshadowed only by the 1977 deficit of more than 70,000m schillings.

If current trends persist, this year's deficit on visible trade will set a record. The visible trade gap widened in the first quarter of this year by 38 per cent to 22,800m schillings compared with the same period of last year.

It is beginning to look as if the Austrian economic miracle stops short of success in export markets. For while the rising price of imported energy products has been a significant factor putting Austria's trade deeper into the red, it is only part of the explanation for the country's deteriorating trade balance.

A quick look at the figures for the first quarter of 1980 highlights the problem. Imports rose by 28 per cent to 76,700m schillings while exports advanced by only 18 per cent to 53,900m schillings. The import figures were inflated by an 87 per cent jump in the value of oil imports to about 8,500m schillings, but once fuel and energy are excluded from the figures there was still a 23 per cent rise in the country's import bill.

In the crucial area of manufacturing, exports rose by only 15 per cent against a 29 per cent rise in first quarter imports. Food exports declined by 2 per cent against a 16 per cent rise in imports.

Austria has in recent years become increasingly dependent on its trading partners in the West to meet its requirement for manufactured goods and, although it maintains a trade surplus with the countries of Eastern Europe and its partners in the European Free Trade Area (EFTA), the importance of these markets in terms of Austria's overall export performance has declined.

As a group, the countries of the European Economic Community are by far the most important of Austria's

trading partners, and Austria's trade deficit with the EEC last year was, at 64,515m schillings, larger than the country's overall trade deficit. So it is in its trade relations with the EEC that Austria must strive first and foremost for an improvement in its trade balance.

This is particularly true in the case of West Germany. A shared language and geographical proximity have ensured that Germany has been Austria's main trading partner since the early days of the First Republic. The underlying problem of trade relations between the two nations—a huge imbalance of trade in favour of Germany—has hardly changed over the past 60 years.

Last year Austria's trade deficit with West Germany was 51,752m schillings, representing four fifths of the total visible trade deficit. The Federal Republic took 30 per cent of Austria's exports and provided 43 per cent of its imports, a trade structure uncannily similar to that in the early years of

the Weimar Republic. Both sides are aware of the problem. The German chambers of commerce are supporting Austrian efforts to increase exports to the EEC and, in particular, the Federal Republic and German trading houses have been brought in to encourage Austrian exports in overseas markets.

In turn, the Austrian Government has been desperate to attract motor manufacturers and components suppliers to reduce that part of the adverse trade balance that arises from demand for foreign cars, and particularly West German cars. The rise in Austria's oil import bill by 48 per cent to 17,714m schillings last year was only slightly more dramatic than the 41 per cent jump in the value of Austrian car imports to 15,194m schillings.

Government persuasion and inducements have met with some success. The Steyr company is cooperating with Daimler-Benz of Stuttgart to produce an up-market cross-country vehicle, while BMW of Munich is cooperating with the Austrians on

diesel motor manufacture. Austria lost out in the race to attract an important Ford plant to the country but has been compensated in part by General Motors' decision to build a 7,300m schillings project to produce 270,000 gearboxes and 385,000 motors a year for export markets.

The General Motors project which was inaugurated recently, is being supported by 2,600m schillings-worth of state subsidy—generosity that has been sharply criticized by the rest of Austrian industry, which boycotted the ceremony launching the project.

That the Government should resort to such measures to finance new export industry is probably an indication of the limited scope for boosting exports from Austria's industrial structure. The small to medium-sized firms, which make up the bulk of Austria's industry, are not perhaps the most dynamic chasers of export contracts.

Undoubtedly, the hard schilling policy, which plays such an important role in holding down inflation, has

made it more difficult for Austrian companies to compete on export markets through the use of the Österreichische Kontrollbank Aktiengesellschaft.

German products boost deficit

## Balance upset by car and fuel imports

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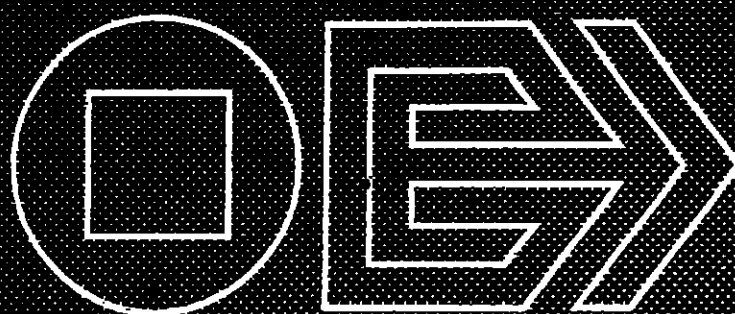
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## Österreichische Kontrollbank Aktiengesellschaft

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## Historic role as East-West pivot

## An active neutral

"We practise active neutrality," Dr Bruno Kreisky, the Austrian Chancellor, said recently when challenged on whether Austria's present active international role was in keeping with the neutrality imposed upon the country by the 1955 state treaty.

Geographically Austria is a pivot between East and West. In its history, as the last bastion of the West against the Ottoman Empire and centre of the Habsburg empire, it has always been an area of confrontation.

Austria's relationships with its seven greatly different neighbours are in general excellent and where difficulties exist, improving relations with West Germany are fostered intensively, with frequent unofficial visits by politicians from both countries. There are continuing discussions on the theme of the balance of power and on the limitations posed on Austrian exports by the EEC.

Austria enjoys a brotherly relationship with Switzerland and Liechtenstein. Its most western neighbour, Bundesland, Vorarlberg, often appears more as an Austrian province than a Swiss one. Relations with Italy are occasionally overshadowed by the difficulty over South Tyrol, but Austrian television debates as though the Tyrol were Austrian. The authorities are keen to react to any sign of discrimination against German-speaking populations.

There has been a striking improvement in relations with Yugoslavia during the year. For a long period, relations were strained from the problem of the Slovene, Croat and minority groups living in the area.

Czechoslovakia complained again that the Treaty of 1955 guaranteeing minority rights was being applied. When the treaty tried to set up place-name signs, the Czechs refused to do so at night. Militant Czechs made bomb attacks on Austrian war memorials.

After the pardoning of more Slovenes by the Czech President and the visit, the first in 15 years, by Chancellor Kreisky to Prague in April, there is a distinct improvement in relations.

Austria's historically staid neighbour, Hungary, has been open for many years but on the Austrian side, who no longer need visas, the Hungarians require Austrian visas, but they need a visa from their own authorities to leave their country. Tourist traffic has increased, and so has the

general exchange of war.

Relations with Czechoslovakia are still strained but improving gradually. The Czechoslovak Government regards Vienna with distrust, considering it a hotbed of anti-Czechoslovak activity. The Austrians are uneasy about the string of atomic power stations being built close to the Austrian border, while Austria itself has rejected the use of atomic power. Little by little, however, negotiations are edging towards the time when a visa is unnecessary.

Austria's foreign relations, however, stretch much further than its immediate neighbours. The most spectacular recent event was the recognition earlier this year of the Palestine Liberation Organization by the Kreisky Government. Dr Kreisky, as vice-chairman of the Socialist International with special responsibility for the Middle East, is said to be using his power as Austrian Chancellor to attempt to bring together the parties involved in the conflict. He counts Egypt's President Sadat among his close friends and has acted as intermediary between Mr Sadat, the Israeli Opposition leader, Mr Shimon Peres, and the PLO leader Mr Yasser Arafat.

This policy has created much anger in Israel. Iran has also established, in the face of a threatening boycott, its embassy in Vienna, and has been operating from there for months, buying up supplies of food, machine parts and possibly arms from many countries, especially in Eastern Europe.

Because of its pattern of trade with the East European countries, Austria has been able to strengthen its position in the Third World. Some 20 per cent of the students at Austrian universities come from these countries, and have Austrian scholarships.

Recent indications are that Austria is seeking to play a stronger role among the non-aligned countries. Now that the death of President Tito has left a certain vacuum in the leadership, the Austrians have started to take more, diplomatically low-key initiatives.

Since November last year, with the opening of the Donau Park Centre, more popularly known as UNO City, where up to 4,700 United Nations officials can be housed, Vienna claims the status of the third largest city in the world. The United Nations headquarters, which have long been housed in the two main United Nations organizations which

are now housed in the UN

city complex. These are the International Atomic Energy Agency (IAEA) and the United Nations Industrial Development Organization (UNIDO).

In the new UNO-City building, IAEA has been joined by the Office of the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Scientific Committee for the Effects of Atomic Radiation (UNSCEAR). Also transferred or in the process of transferring from New York or Geneva to Vienna are various United Nations organizations concerned with narcotics control, and UNWRA, the United Nations Relief and Works Agency for the Palestinian refugees in the Middle East.

Outside the United Nations organizations there are many more international bodies situated in and around Vienna. One of the lesser-known but perhaps the most important is the IASA (International Institute for Applied Systems Analysis) founded in 1972 at the instigation of the Soviet Union and the United States. It is discreetly situated in a former Habsburg summer residence just outside Vienna. IASA conducts research into world-wide scientific projects and sponsors the international exchange of technical and scientific knowledge and experience.

Among the dozens of remaining international organizations centred in Vienna is the Organization of Petroleum Exporting Countries (OPEC), which has been mentioned. Although the oil ministers have not met in Vienna since a number of them were held hostage in December, 1975, the Secretariat remains in a new, high-security building, and the finance ministers meet there regularly. The most important activity emanating from Vienna is that of the OPEC Special Fund, established in 1976, whose aim is, through economic assistance, to help to establish a new international economic order.

These and many more smaller international organizations help Vienna, and Austria in general, to play an increasingly important part in the exchange of information and the build-up of communications between the conflicting world political and economic groups. It is day-to-day, routine work which rarely attracts spectacular headlines, but it is essential to keeping the machinery of world detente and peace running as smoothly as possible.

Sue Masterman

## Stream of refugees passes through Vienna

## First stepping stone to freedom

It is 3 am at Vienna's Schwechat airport. The arrivals hall is deserted with the exception of a remarkable number of anti-terrorist commandos, armed to the teeth. Then, hesitantly, down the long corridor leading to the luggage ramps, a motley collection of people appears. They bunch together for protection against the unfamiliarity. They look round them at the startling advertisements, which many cannot read, and at the marble interior, as though they are afraid it might disappear.

There are couples with exhausted toddlers draped over their shoulders, little old women in black wearing carpet slippers, petrified, men in threadbare overcoats clutching spring-wrapped cardboard boxes. When their luggage arrives, it is either in cardboard cases, or just bundles of possessions wrapped in blankets and roped together.

A small group of efficient helpers herds them together, out through a non-existent customs control to the waiting buses. Long before dawn they have disappeared to the reception centre in Vienna where they will wait a minimum of time before being issued with the necessary visas which will take them to final destinations throughout the world.

This scene is repeated night after night, as are similar scenes on Vienna's Südbahnhof station, platform as the train from Moscow arrives after its long

and painful journey over border after border. These are the constant stream of Soviet-Jewish refugees for whom Vienna is the first stepping-stone in the West.

Thousands of them pass through the city in semi-secrecy, heavily guarded since Palestinian extremists held a train to ransom and demanded successfully the closure of the former main reception centre for Soviet Jewish immigrants. No one sees them. And yet they form the bulk of the constant refugee stream which uses Austria for transit to freedom.

Austria, as a neutral country since 1955, has had its role as a refugee reception partly thrust upon it by events, and partly determined by its own willingness to take in those who have no other home. In 1956 the country was overrun by Hungarian refugees. The facilities which were built up then are still basically those used now. They are often hopelessly outdated and inadequate, as a result of the constant quibbling between Austria and the United Nations High Commissioner for Refugees about who should pay for the housing and keep of them in transit.

Apart from the Soviet Jewish emigrants, who are kept separate from the rest, most refugees in Austria are from the East European countries, with neighbouring Czechoslovakia, Poland, Romania, Bulgaria and Hungary.



Inhabitants of a refugee camp for Soviet Jews at Schönaue enjoy a meal.

Would-be refugees are mostly taken to Traiskirchen camp, housed in a former Nazi barracks, outside Vienna, where they go into quarantine for periods of up to a fortnight while their health and their particulars are listed and checked. The camp is hopelessly overcrowded. During the past two years it has been the scene of repeated crimes of violence, including murder.

Those who have friends in Vienna, or money from relatives in the West, can live

people, for whom new houses have been built. Vienna's Cardinal König took one large family into his own residence, to set an example. There is a group from Chile which has also received special accommodation with long prison records for petty crimes, which they continue to commit in Austria.

Another category is that of the East European dissidents, mainly from Czechoslovakia. When the Czechoslovak Government invited members of the Charter 77 dissident movement to apply to leave the country, Dr Bruno Kreisky, the Austrian Chancellor, said that they were most welcome in Austria, on the one condition that they came of their own free will. Many have come, unable any longer to stand the pressures of persecution brought upon themselves, their families and their friends.

The Austrians attempted to cooperate in an effort to allow dissidents to work outside their country for a limited time. Pavel Kohout, the playwright and dissident, does not like to broadcast his successes or failures. It declines to react to Czechoslovak accusations that Vienna is a hotbed of anti-Czech propaganda. It sees no need to bear the drum about its own achievements.

Austria considers its hospitality to refugees as an historic duty. It will continue to play this role whatever the cost or consequences.

The refugee question causes friction between Austria and its East European neighbours. It is undeniably true, as the East Europeans claim, that among those who flee for so-called political reasons there are a great many opportunists who want to come to the West since life is better there. There are also criminals on the run and people with long prison records for petty crimes, which they continue to commit in Austria.

Traiskirchen camp is frequently raided and searched by the police who find the loot of shoplifting and burglary expeditions organized by gangs from within the camp.

The great majority of refugees, however, are simply people who have cut their ties with home and home because, either politically or economically, they have been prevented from living their own lives. Many already have relatives abroad. Their only aim is to start anew, and to work hard for the fruits of their new-found freedom.

Austria's Government is constantly in action to persuade its Eastern neighbours to reunite families and resolve other cases of hardship. The Government does not like to broadcast its successes or failures. It declines to react to Czechoslovak accusations that Vienna is a hotbed of anti-Czech propaganda. It sees no need to bear the drum about its own achievements.

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S.M.

## Warm welcome attracts the foreign visitor

## Holidays at home for cures and capers

It is more important to the economy of Austria than to those of other European countries. The income per head from tourism was \$629, compared with \$388 per head in Switzerland. The net income from tourism covered 57.6 per cent of the balance of deficit last year.

That year Austria earned 74,404m schillings in foreign exchange from tourism alone, compared with 47,856m schillings from next most important industry, engineering, and 22,760m schillings from iron and steel exports. These are the cold facts, the secret of Austria's success in tourism is not the warm welcome given the foreign guest, the long time, the cost of the winter sports enthusiasm of the warm springs which provide Austria with exceptional selection of winter sports, and the warm bath for winter tourism. A third of the increased summer tourists were Austrians.

Most foreign tourists immediately associate Austria with Tirol, and with Salzburg and Vienna. The quality of these locations are so well known that there is little to add, except that efforts have been made to improve hotel accommodation and in particular to meet the growing demand for more luxury hotels.

More tourists, however, are discovering the attractions of "Green Styria", which also has dramatic mountain landscapes to offer, as does the whole of the country with the exception of Burgenland, at the edge of the Pannonic plain, with its nature reserves and hunting and fishing facilities.

In Carinthia, in the south of the country, the walking holiday has become very popular. Millions have been invested in combating the pollution of the many lakes, and the Weissensee now claims water of drinking quality as the local inhabitants are willing to demonstrate. There, as at other lakeside resorts, many hotels can offer a complete sports holiday, with windsurfing, water-skiing, tennis,

skateboard and archery facilities.

A chapter apart are Austria's spas. The Romans quickly discovered the healing qualities of the many warm springs all over Austria. In Bad Deutsch-Altenburg, close to the site of the Upper Pannonic capital, Carnuntum, whose remains lie mostly hidden under the fields, four emperors, including Marcus Aurelius, who wrote part of his Meditations there, are believed to have eased their aching bones in the waters.

Thousands still find healing there, as they do in the sulphur baths of Baden, on Vienna's doorstep, in Warmbad Villach, where the Austrian Government regularly retires for a few days to discuss policies in private, in Bad Ischl where the old Kaiser Franz-Josef II regularly took the waters. The choice is wide, and the Austrians themselves have such a faith in the recuperative powers of their spas that their national health service usually pays the bill for their stay.

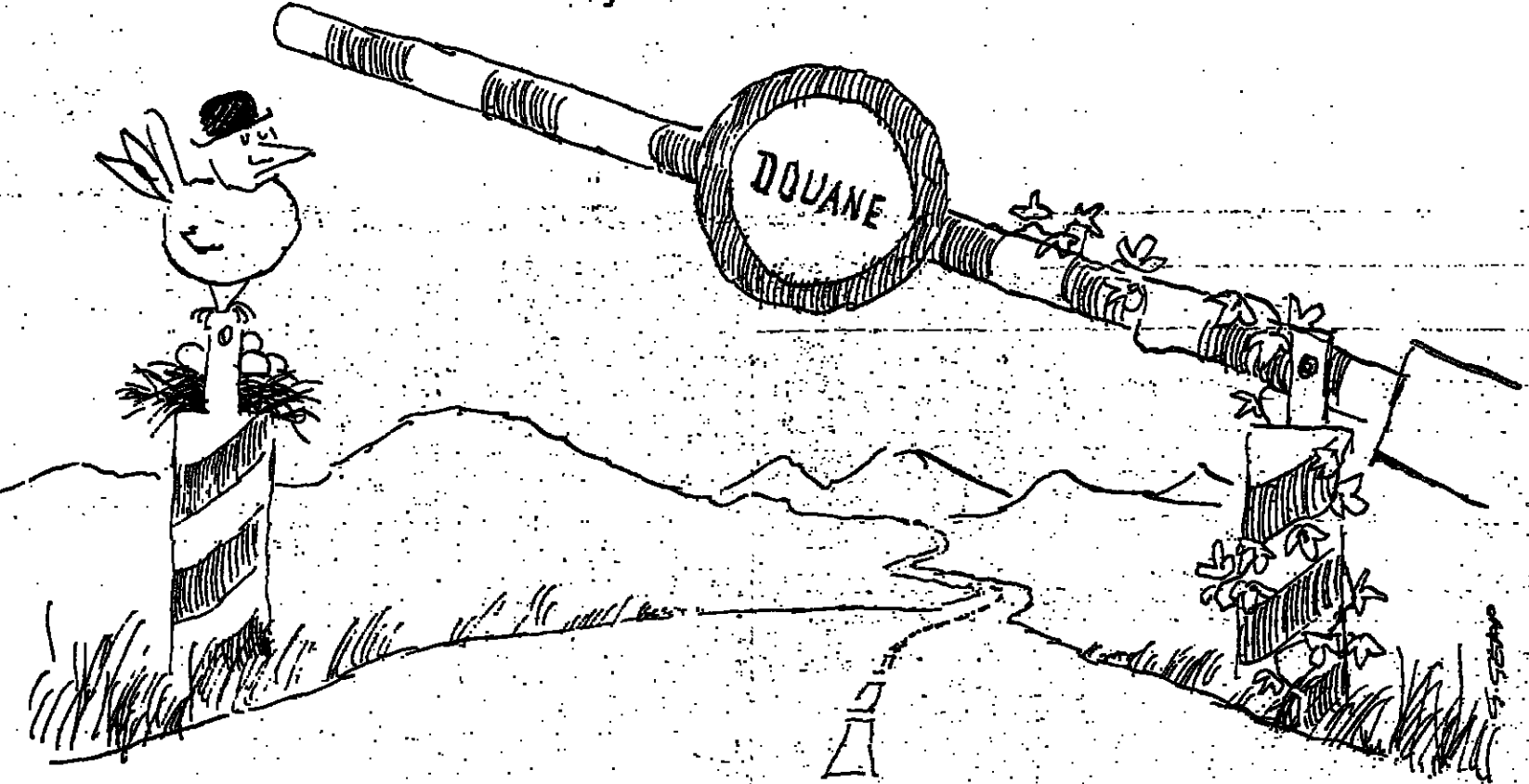
A new initiative is the fan club holiday, an experiment to provide a programme for individualists who want a holiday with a difference. Ten Austrian resorts, with widely differing attractions, are taking part this year. The club programme, which is optional, contains items varying from a Roman banquet and bath (in Warmbad Villach), a body-painting party (in Bad Purbach), a gypsy camp (in Purbach), a medieval orgie (in Ischl) and shark-hunting (in Millstatt, where the sharks are female).

For those who prefer to stick to the conventional track, it is worth pointing out that this year is the 100th anniversary of the death of the Empress Maria Theresa, and that there are many events connected with her reign. For those with archaeological interests there is a fascinating combination of exhibitions on the Hallstatt culture (about 800 BC) in Steyr and Hallstatt, and on Celtic culture (about 500 BC to AD 200) in Hallein.

S.M.

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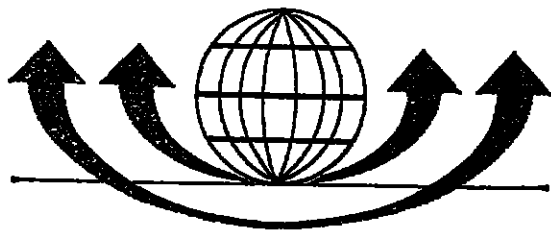
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### AUSTRIA

Prompt revision of energy policy needed

## 'Atomic power projects fizzle out

Eighteen months ago the energy supplies and industry have said repeatedly that they are bound by the Zwentendorf referendum, and by the resulting legislation banning atomic power, legislation which can be repealed only by a parliamentary two-thirds majority.

The second was on the drawing-board, with orders already placed for the fuel elements.

The rejection of a source which would have supplied 12 per cent of Austria's immediate electricity needs required a prompt revision of Austria's energy policy.

Zwentendorf has not been demolished, as the anti-atomic lobby would have wished, but has been put into mothballs. Attempts to sell the fuel elements have so far failed.

Although the Austrian Government's various members directly or indirectly responsible for

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Artistic feasts at famous centres

## Salzburg production will mark Offenbach centenary

Two floating stages mark the eastern and western extremities of Austria. Both are the focus of festivals which begin in the second half of July and before long prayers will be uttered for warm, moonlit evenings in which artists and audiences alike will be kept happy and dry.

The older of these two Seebühnen is at Bregenz, which overlooks Lake Constance. The spectators, generally about 3,000 of them, gather at nine in the evening by which time it is usually possible to see the lights of Germany across the lake to the north and those of Switzerland to the south. The festival has been going for more than 30 years and for a long time there was no cover if rain happened to interrupt play. But that has now been altered and Bregenz can shelter about 2,000 of its patrons who this summer will be watching Mozart's *Die Entführung aus dem Serail* (first night, July 19) with Christine Deutekom as Constanze.

This summer too Bregenz celebrates the opening of a new theatre called, of

course, the Festspielhaus, which will be inaugurated a couple of days earlier. The first opera to be played there will be *Faust* with the veteran baritone Giuseppe Taddei in the title role; by his side will be a number of other singers who have seen long operatic service including Fedora Barbieri, Rolando Panerai and Paolo Montarsolo. The town has long needed this new auditorium because for years indoor opera has had to be performed in the picturesque but uncomfortably cramped Theater am Kornmarkt.

Festival visitors should be warned that Bregenz is still short of hotel accommodation in the middle to top end of the market. It is very much the crossroads between Germany and both the Austrian and Italian alps; the tourist cars thunder by in their thousands during July and August and despite the expanding systems of ring roads and tunnels some of them choose Bregenz for an overnight stop.

If you happen to be travelling by car yourself it might be advisable to stay in the hills outside the town. The province of Vorarlberg is well worth exploring and prices in the summer tend to be lower than during the skiing season. It is also worth noting the much smaller festival in the same part of Austria at Hohenems, to the east, devoted to the music of Schubert and presided over by Hermann Frey (June 11-22).

At the other end of the country the festival at Möribsch opens a week after Bregenz, this year with *The Merry Widow*. Here the stage is firmly planted in the marshes of the Neusiedlersee—the pedantic might argue that it is older than that of Bregenz which has recently been rebuilt. Möribsch confines itself to operetta, generally with a Hungarian flavour since the frontier is only a few miles away, playing on weekends only. Möribsch was created by the German bass, Herbert Alsen, who sang at Glyndebourne before the Second World War, and run by him until his death a couple of years ago.

It is an immensely jovial affair, with the coaches and cars coming in from Vienna and usually making plenty of stops at the vineyards on the way. Most of Austria's best—and strongest—red wines are made in this part of the Burgenland and discussions of the performance are likely to go on in the courtyards of the local taverns until well into the early hours.

At the end of July practi-

cally the whole of Austria seems to be *en fête*. The 26th of that month is the day always reserved for the opening of Salzburg which, year in and year out, seems to me to be the most consistently satisfying festival in the world. There are regular complaints that Salzburg prices are high, and indeed they are, but the administration generally comes up with performances to match.

Herbert von Karajan and Karl Böhm normally share the new opera productions, but this year they have stepped aside in favour of others and contented themselves with revivals alone.

James Levine, music director of the Met in New York, conducts *The Tales of Hoffmann*, which has never previously been heard at the festival and is being staged to mark the centenary of Offenbach's death, with Plácido Domingo in the title role. This will be given on the opening evening and three days later Lorin Maazel will conduct *Die Entführung*, a performance which is bound to come under the severest critical scrutiny. The previous festival production of Mozart's opera by Giorgio Strehler was considered to be a classic and was revived year after year.

Even more important, a month later Maazel takes up his appointment as director of the Vienna State Opera. Standards in the capital have been distinctly variable over the past few seasons and Maazel will need all his considerable musical and political wits about him while he is proving himself.

Vienna's own festival, the Wiener Festwochen, began in May and runs until June 22. The theme this year is Vienna between the wars which is reflected primarily through exhibitions in the various museums and galleries throughout the town, and there are few cities in Europe with showcases more handsome than those of Vienna. Among the musical curiosities illustrating this particular subject is a production of Krenek's jazz opera *Jonny spielt auf*, which also happens to celebrate the Vienna-born composer's eightieth birthday.

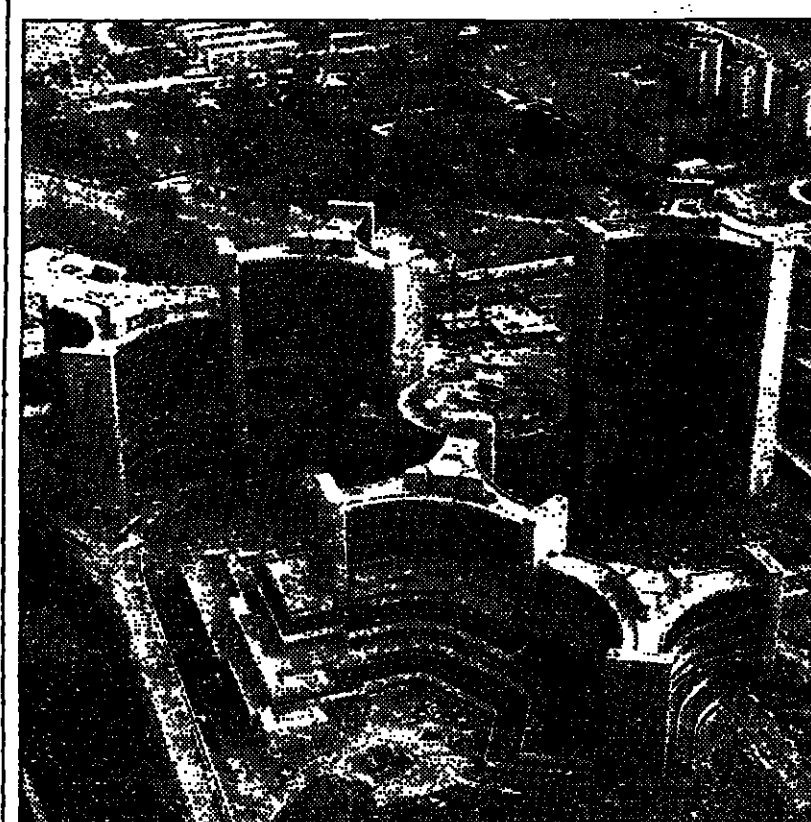
Jonny opens on June 3 at the Theater an der Wien, which housed the first performances of *Die Zauberflöte* and *Fidelio* among many other operas and remains the focal point of the Wiener Festwochen. The production is the result of a collaboration between Vienna and Graz, which has its own festival, the Steirischer Herbst, in the second half of October.

John Higgins  
Arts Editor



A scene from the performance of Everyman at the Salzburg Festival last year.

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## A personal vote of confidence

that he is, although not a Jew, served time his course, both present.

He was sent to jail for his activities regarding the Youth Movement, when many leading were put on trial, and guilty of and in 1938, after a smooch, he was released by the Gestapo.

It was there that he met his wife Vera, and in few years, met his wife Vera, and among other correspondents Westerners. He was in the conferences.

He was immediately he worked in the Embassy in 1951 to start a political career. He excelled he had a prominent As secretary in the Foreign Affairs.



he took part in 1955 in the negotiations which resulted in the signing of the State Treaty and Austria's independence. In 1955 he became Foreign Minister. In 1960 he left the Socialist Party of which he became chairman in 1967—a post he still holds —to its first electoral victory in 1970. He became the leader of a minority government and 18 months later he was elected to the country again. His party was returned with an absolute majority, which it has held ever since.

He has always been keen on preserving good relations with his country's neighbours and has followed a course between the requirements of the Warsaw Pact and Nato, and remain on good terms with neutral and non-aligned countries; is far from easy, but, as rice-chess player, he is a good International with special responsibility for the Middle

East. Dr. Kresley had made it clear to Salzburg that the meeting places for leaders of all parties involved in the Middle East conflict, without any pretensions to being a mediator. His policy led this to a more constructive recognition of the Palestine Liberation Organization. He shrugs off fierce Israeli criticism of what they see as a pro-Arab course.

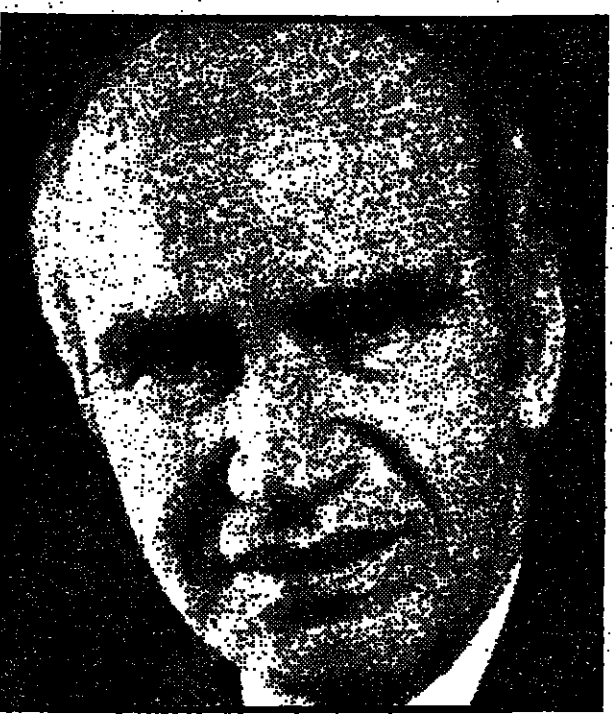
His Austrian nickname, "the Sun King," which he shares with King XIV of France, illustrates how his people think of him. He can be infinitely charming, insufferably arrogant, mortally offended at what he considers unjust criticism, and completely unbothered about the political course he follows, however controversial. He gains time to answer awkward questions by stalling every other sentence with: "I am of the opinion that..." His gravity is broken by a gleam of merrily heard an Austrian broad-

casts, is unmistakable. Dr Kreisky has maintained a close personal contact with his electorate. The public follows his family life, his "generation gap" conflict with his son Peter, who is a student, his left-wing activities, his expeditions to his holiday home in Majorca, which he claims blicely are average-earning Austrian could afford while simultaneously exhorting his countrymen to spend their holidays at home, and his obvious suffering from a painful and recurring eye infection.

However critical one may be of the individual aspects of Dr Kreisky's policies at home and abroad, it is an undeniable fact that under his leadership Austria has developed from a country long known for its political neutrality in the shadow of the events between 1938 and 1955, to a country with a national identity and a prominent place in world politics. In his home policy, the Chancellor and his team have achieved much in the last few years, and in a remarkably short time, and within the limited means of the Austrian economy.

Dr Kreisky will be 70 next January, but shows not the slightest sign of tiring from battle in the political arena at home and abroad ; he appears to thrive on controversy, and to grow stronger under his leadership, it is hard for the Austrians to imagine life without his familiar presence wherever they turn. Like many a strong leader, he has no obvious successor. The Austrians hope that he will continue to serve his country for a considerable time, as he has done in the past.

# A unifying President



original job of organizer shortly before he died in 1926, leaving his young son, whose mother had died in 1918, an orphan. Despite these considerable social disadvantages the young Rudolf Kirschschläger was able to complete his education and graduated as doctor of law at Vienna University in 1940.

After the war a variety of posts in the judicial services resulted in his appointment in 1954 to the foreign affairs section of the Chancery of the Federal President. The Chancellor, Herr Bruno Kreisky, took part in the negotiations which led to the state treaty and helped to draft the constitutional law guaranteeing Austria's neutrality. His further career took him through the ranks of Minister of Foreign Affairs, including a post as Ambassador in Prague during the critical years 1967 to 1970. He was Foreign Minister from 1970 until his election as President

recommended its supporters to vote for him since, it said, he had carried out his task impeccably to the benefit of all Austrians.

Dr Kirschschlager, however, refused to be elected by acclamation alone. He insisted that should there be no other candidate, a referendum should be held to establish the will of the people. Eventually the two main contenders, the political liberal party (FPO) led by Dr Walter Gredler, the Ambassador to Peking, as candidate. The two sides agreed to limit the campaign to one month, to save unnecessary expense. Dr Kirschschlager waived the right to five of the six television election broadcasts. He also declined to debate with Dr Gredler.

Dr Gredler conducted a

serious campaign, in which his main point was that he believed a president should take a more active role in politics, and should occasionally refer legislation back to Congress or refuse to sign laws, such as that on abortion reform, with which he did not agree.

Dr Kirchschläger's campaign was somewhat simpler. His standard speech was to tell the thousands of listeners that he had nothing new to offer them, since if reelected he intended to continue just as before. He then turned to local issues, such as the environment, in discussion with individual members of the audience who brought their problems to him personally.

Dr Kirchschläger was born on 22 June 1918 in Upper Austria as the son of a labourer who returned to his

## Diplomacy leads to top job



country Aus-  
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s prominent  
been Dr Kurt  
o has been  
ions  
ral since 1971,  
was born  
in Lower  
Austria. At the age  
of 17, he joined the  
army, and followed  
a course of  
loyalty. In  
other ables-  
ness of his age,  
he served for military  
duties in 1939 and  
during the war, he  
was a soldier for a law  
graduate.  
After the war, he  
went to Austria's  
army, which  
he joined in  
1945. He found it  
difficult  
to reestablish  
his relationship with  
the army after the  
initial  
period of distrust.  
His relationship  
with the army was  
inadequate in  
1945 because of  
the United

UN. It was no easy task but he did much to establish contacts which led to the improvement of Austrian foreign relations.

In 1956 he was appointed Ambassador to Canada, a post in which he served for six years and which he now still recalls with much pleasure.

Returning to Vienna, he worked in the Ministry of Foreign Affairs on the

development of Austria's foreign policy. He was appointed the minister in 1968, in a government dominated by the Christian Democratic Party. His term of office came to an end in 1970 when a Socialist-Liberal coalition came into office.

A talent such as that of Dr Waldheim could not be wasted, so his party decided to advance him as candidate for the presidential elections

In 1971. He lost to the Socialist candidate by a very narrow margin after a fierce electoral battle.

In October that year Dr Walidheim was appointed United Nations Secretary-General's successor to U Thant. Since he took office he has had to steer the United Nations through some extremely troubled waters, and he regrets the increasingly political nature of the organization.

Despite the demands of his job he still finds time to visit Austria frequently.

It is not entirely a coincidence that during his term of office the United Nations presence in Vienna has been consolidated in the form of the new UNO-City complex, where the organizations which were already in Vienna, plus a number transferred from New York and Geneva, are now based.

Dr Walidheim also likes to return for relaxation to his native country, where he and his family still have a home. He manages to drop in, as he hedgehogs round the world, at most of the principal Austrian social occasions.

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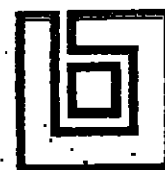
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1979 80 High Low Company	Price	Change	1979 80 High Low Company	Price	Change	1979 80 High Low Company	Price	Change	1979 80 High Low Company	Price	Change
<b>BRITISH FUNDS</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
<b>COMMONWEALTH AND FOREIGN</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
<b>LOCAL AUTHORITIES</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
<b>DOLLAR STOCKS</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
<b>BANKS AND DISCOUNTS</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
<b>BREWERS AND DISTILLERS</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
<b>COMMERCIAL AND INDUSTRIAL</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
<b>SHIPPING</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
<b>MINES</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
<b>FINANCIAL TRUSTS</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
<b>INSURANCE</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
<b>PROPERTY</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
<b>INVESTMENT TRUSTS</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
<b>RUBBER</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
<b>TEA</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
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<b>MISCELLANEOUS</b>											
100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090	100% 100p	13.090	13.090
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**ryant**  
Industrial  
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# THE TIMES

## BUSINESS NEWS

**LAING**  
make ideas take shape

**Stock markets**  
Ind 416.6 down 3.4  
Gilt 68.03 down 0.36  
**Ring**  
390 down 1.15 cents  
ex 74.6 down 0.1  
**Far**  
ex 84.1 up 0.1  
1.7725 up 1.05  
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1.50 up 59.00

### CBI chief gives qualified backing to selective import controls

By Richard Evans  
The way to speed Britain's recovery was by achieving sensible pay settlements and increased productivity, Sir John Greenborough, deputy president of the Confederation of British Industry said yesterday.  
While he supported selective import controls he was against the widespread use.  
"Selective import controls may provide temporary respite for hard-pressed industries here at home who can make a case," he told members of the British Export Houses Association in London. "But it will not tackle the fundamental problem of almost self-inflicted problems of higher and higher wages pushing higher prices, with the inevitable result of spiralling inflation."  
"We have got to do something to bring down the level of wage settlements. This year we have seen something of a bonanza in wage increases with settlements in the public sector fueling demands in the private sector."  
Britain's unit labour costs were now nearly 70 per cent higher than those of its international competitors compared with the fourth quarter of 1976.  
Shoring up British industry through import controls would only postpone the evil day when the nation would have to adjust to world trading conditions while, at the same time, leaving Britain vulnerable to retaliatory measures from other countries.  
"The answer lies much more in working to establish the principle and practice of fair trade to a greater extent than it is at the present time. In particular we must make sure we are not made the victims of dumping of the type we have seen in recent years from east European countries. Nor of unfair subsidies which distort our competitive position," he said.  
"In addition we must work to eliminate the grosser examples of unfair competition. Why should Brazil enjoy all the benefits of a developing country now that it has a higher income per head than South Africa,

### UK oil prices rise by \$2 a barrel

By John Huxley  
The British National Oil Corporation, the main trader of North Sea crude, has increased its prices by \$2 a barrel. The Forties field market price is now \$36.25 a barrel and offshore-loaded oil from the Beryl field moves up to \$36.80.  
This latest increase, which has been expected for several days and takes effect from May 20, brings the price of North Sea crude up to almost double what it was a little more than a year ago. On April 1, 1979, the price of Forties oil stood at \$18.30.  
Since then there have been several twists in the price spiral, the most recent being last month when BNOC made a minor adjustment of an average of 25 cents a barrel.  
Yesterday's announcement by BNOC had been made after discussions with the Department of Energy. These were delayed partly by the resignation of Mr David Howell, Secretary of State, at the International Energy Agency meeting in earlier forwarned its customers of increased charges.  
The Government has been anxious not to be seen, especially by other EEC countries, to be adding to price instability. But as an oil-producing country the Government sees no alternative to following market trends.  
For this reason a price rise by BNOC has been widely expected since other producers lead in increasing prices by \$2 a barrel. These other countries included Nigeria, whose decision to raise prices has frequently triggered BNOC action. Nigeria's Bonny Light crude, which is similar to North Sea crude, now stands at \$36.71.  
Last night, oil companies were still considering the implications of the increase but because they take their lead from the state oil corporation, increases at the petrol pumps are expected shortly. Separate increases of 1 or 2 pence were announced by Esso and Shell last week.  
Price too high: Two United States oil companies, Gulf Oil and Charter Oil, decided to stop buying crude from Qatar, one of the smaller Gulf producers, rather than pay a price of nearly \$38 a barrel, according to Middle East Economic Survey.  
Oil industry sources in London said that if the action is confirmed it will be the third publicized instance this year of western buyers resisting rapidly climbing Middle East prices. But Japanese companies have agreed to pay Qatar's new rate which includes a \$6.50 premium.  
Since April, British Petroleum, Royal Dutch/Shell and 12 Japanese importers have refused to lift Iranian oil at \$35 a barrel.  
The journal also says that Aramco is now expected to complete its expansion of Saudi oil production well ahead of schedule because of the increased rate of investment caused by rising oil prices.  
The expansion, now likely to be completed by the end of next year, will raise Aramco's capacity to about 14 million barrels a day. Present sustainable capacity is about 10.4 million.  
Iran compromise: Opec finance ministers struck a compromise with Iran, allowing it to reduce sharply contributions to Opec's aid fund for the Third World, although oil producers will raise aid by \$1,600m (£633m).  
The compromise, agreed in Vienna, means that the other 12 Opec members will have to increase their fund contributions to compensate for the missing Iranian funds.  
Mr Rene Ortiz, Opec's general secretary, said that Mr Ibrahim Shihata, the aid fund's director general, would soon begin talks with members about the increased contributions.  
Before last year's Islamic revolution, Iran was second to Saudi Arabia as Opec's largest oil producer and contributed one quarter of all Opec aid.  
But the Iranian delegation, headed by Mr Reza Salimi, the acting finance minister, maintained that the fall in oil production since last year left Iran with far fewer resources for foreign aid. — Reuters.

### Challenge by EEC on Swiss trade restrictions

By Peter Norman  
The EEC Commission today challenged Switzerland to clarify its stand on the free competition rules set out in its 1972 trade agreement with the Community.  
The commission asked the Swiss government for an exchange of views on how the two sides interpret article 23, which bans companies from entering agreements to restrict free competition and prohibits the abuse of dominant market positions in transactions between Switzerland and the European Community.  
Behind the commission's action lies a revival of interest in the case of Mr Stanley Adams. A Briton who was arrested by the Swiss authorities at the end of 1974 and later imprisoned for giving the commission confidential documents belonging to Hoffmann-La Roche, the Basle-based pharmaceutical company.  
The documents, which were given to the commission by Mr Adams in March 1975 while he was employed by Hoffmann-La Roche, indicated that the company was violating the terms of the Swiss-EEC agreement.  
The commission was able to start proceedings against the company on the ground that it was contravening article 85 of the Treaty of Rome which bans abuse of dominant market positions.  
The commission found against the company in July 1976 and its findings were largely upheld by the EEC Court of Justice in February last year.  
In the meantime, however, Mr Adams had been tried and convicted by a Swiss Court of unlawfully revealing trade secrets to a foreign power. The sentence imposed on him was upheld by the Basle court of appeal in September 1977.  
Last week the European Parliament heard a report presented by Mr Georges Dornier of its legal affairs committee.  
The report was outspoken in its condemnation of the Swiss authorities for their interpretation of the agreement between Switzerland and the EEC in the case of Mr Adams.  
Signor Antonio Giolitti, commissioner of the EEC's coordination of community funds and regional policy, told the parliament that Brussels would give Mr Adams an ex gratia payment, as yet unspecified, on humanitarian grounds.  
Today commission officials were careful to point out that the Brussels authorities were not raising the Adams affair with the Swiss.  
It appears that neither the Adams case nor the judgment against Hoffmann-La Roche were specifically mentioned in the mixed EEC-Swiss committee meeting at which the commission requested the exchange of views on article 23.  
The Swiss have agreed to pass on the request to the government in Bern and promised a detailed examination.  
The report of the legal affairs committee wanted the commission to seek an amnesty for Mr Adams from the Swiss and sought assurances that any person disclosing activities contrary to the EEC-Swiss agreement should not in future be prosecuted in Swiss courts.

**BRIDGE**  
12th Sterling 17.4-17.1  
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RTZ's 1981 annual  
News Diary, page 27  
cial News, page 28

**appeal**  
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### Pay rises warning by shipping president

By Peter Hill  
Industrial Editor  
Britain's shipping industry said yesterday that unless pay settlements were moderated and efficiency improved, more ships would have to be sold and more seafarers' jobs would be lost.  
The British merchant fleet, which has already been reduced substantially over the past three years because of intense pressures, is becoming increasingly uncompetitive.  
Mr Adrian Swire, the new president of the General Council of British Shipping, yesterday underlined in his first address the dangers arising from the increasingly high level of crew costs on board British-managed and operated ships.  
Referring to the effects of domestic inflation, very substantial wage settlements and the strength of sterling, Mr Swire said: "As a result we have lost the competitive advantage which we used to enjoy over our North European neighbours, while the gap between United Kingdom and Far East manning costs has widened to alarming proportions."  
Manning costs for a 25,000 tons deadweight British bulk carrier were about £20,000 more a year than those for a similar vessel operated by a Far Eastern company.



Mr Adrian Swire: British vessels uncompetitive.

This differential would make by more than five million tons dwt between 1978 and 1979 em-  
ploys about 70,000 British na-  
tionals with average earnings  
for fore-  
amounting to about £125 a  
week. Officers average earn-  
ings range between £5,000 a year  
for junior engineers to more  
than £14,000 for ship's masters.  
Mr Swire, deputy chairman  
of John Swire & Sons, stressed  
the importance of the imagi-  
native shipping entrepreneur and  
underlined the need for the in-  
dustry to be aware of the period  
of significant technological ad-  
vance in ship design now in  
prospect.  
Real technical advances from  
the fuel crisis were, only just  
beginning to work through the  
system in significant com-  
mercial terms, he suggested.

### Cuts in Third World investment feared

By Edward Townsend  
Britain's Commonwealth Development Corporation made new commitments of £82.7m last year but has given a warning that this may not be sustained because of the United Kingdom's poor economic position and "consequent uncertainty about the level of future British Government allocations".  
The corporation, set up in 1948 to invest in the then-dependent territories on com-  
mercial terms, allocated almost 90 per cent of its 1979 com-  
mitments in the poorer develop-  
ing countries.  
The corporation's annual report, published yesterday, shows that about 60 per cent of the 1979 funds went to agricul-  
ture and forestry and to support the corporation's agricultural management training college in Swaziland.  
Other commitments were to assist industrial enterprises and to expand and improve electricity and water supplies.  
Cut made by the Government in the corporation's allocations for the three years up to 1981 represent about 35 per cent of the level on which the corpora-  
tion's forward planning had been based. The report says that if the reductions are carried into the future the corpora-  
tion's effectiveness will be gravely damaged.  
Lord Grey of Naunton, the

### Crown Life Insurance resigns from trade body

By Margaret Stone  
Crown Life Insurance Company has resigned with effect from June 1 from the Life Offices Association (LOA), the industry's powerful trade association, which controls the level of commissions which individual companies are permitted to pay.  
From next Monday onwards Crown Life is introducing a new commission structure, covering its entire range of products which are not only higher than those laid down by the LOA but also in many cases incorporate an "override" payment for volume business, of which the LOA strongly disapproves.  
Mr Allan Duggin, managing director of Crown Life, said yesterday, "We want the flexibility to pay what is right for our business. He decided that the company's departure from the LOA could spark off a commission war.  
This view is shared by the LOA. Crown Life, the British subsidiary of the Crown Life of Canada group, has been a long-standing member of the LOA, and the sparring is more in evidence now. There is some recognition within the LOA of the particular problems faced by Crown Life.  
The key to Crown's departure lies in the latest developments in the pensions industry, small self-administered schemes and "AVCs" (additional contributions paid by employees). Crown, working through a small staff is paying increased commissions in both these growth areas.  
Mr Duggin said last night that Crown Life would be absorbing the cost of the extra commis-  
sions—which he admitted were substantially higher in some cases—through increased productivity rather than higher premiums.  
Mr Michael Oppé, the Secretary General of LOA, said last night that the LOA would not be reopening the debate on commission levels, last fixed in 1976, and pointed out that most of its members were, in fact, more concerned about the commission structure on single premium policies than pensions.  
Crown Life, with premium income of £37.2m at the end of 1979 and sums assured of £1,204m, is a loss to the LOA, which represents 80 life offices covering 95 per cent of the industry, but not perhaps on the same scale as the departure of Equity and Law in 1971. Irish Life, resigned in 1978, and another notable non-member is National Employers' Life.

### Akzo raises £7m aid for Enkalon

By Ronald Piller  
British Enkalon has had to go to its Dutch parent for a £7m cash injection without which its "long-term viability" could not have been assured.  
The Dutch Akzo textiles and chemicals group is to buy 28 million new A shares in British Enkalon at 25p, raising £7m before expenses of £130,000.  
The new shares will not be listed on the Stock Exchange but will carry voting rights and are entitled to dividends at 125 per cent of those on the existing ordinary shares.  
After the Akzo's holding will rise from 71.7 to 83.7 per cent.  
British Enkalon has not been able to make a rights issue to all shareholders in the normal way because the share price of 83p is below the 25p par value of the shares. This has been the case since 1976.  
The man-made fibres group, which employs 2,700 people, has been in financial heavy weather since 1974.  
The group has been in the red ever since running up losses of more than £14m. The directors blame the continuing world-wide overcapacity in the man-made fibres industry and in-  
creasing imports from the United States for losses of £5m over the past three years.  
Financial Editor, page 27

### PRICE CHANGES

34p to 581p	Peko Wall	25p to 375p
13p to 703p	UC Invest	25p to 474p
25p to 634p	Ventureport	34p to 650p
50p to 778p	Weeks Pet	34p to 445p
38p to 511p	Welkom	39p to 563p

9p to 57p	Ldn & Prov Sh	8p to 335p
13p to 120p	Massey-Ferg	12p to 340p
10p to 488p	Secombe Mar	10p to 230p
10p to 172p	Sun Alliance	11p to 568p
13p to 737p	Unitech	10p to 272p

THE POUND	
Bank buys	Bank sells
2.12	2.05
31.05	29.30
70.25	66.75
2.76	2.59
13.40	12.85
8.95	8.55
9.98	9.58
4.24	4.12
97.00	97.00
11.90	11.45
1.14	1.10
2020.00	1925.00
550.00	525.00
4.76	4.53

Rates for small denomination bank notes only, as supplied yesterday by Barclays Bank International Ltd. Different rates apply to travellers' cheques and other foreign currency business.

### Co-op societies set for more mergers to improve market share

### A spirit of cooperation among the cooperatives

A spate of mergers among cooperative retail societies—the first likely to involve the Hull and East Riding Co-operative Society—is expected later this year after discussions started among a number of societies at the co-operative congress at Douglas, Isle of Man yesterday.  
With the formation of a single Co-op Great Britain organization still an undecided issue, a sharp reduction in the number of societies by merger is the best hope of halting a sliding market share.  
The congress, the movement's annual parliament, was told yesterday that the Co-op's market share in both food and non-food markets had declined by 0.1 per cent last year, the overall share being down by the same amount to 6.7 per cent. In 1977 the movement's overall share had been 7 per cent.  
Overall turnover was up 12 per cent last year, but this was significantly behind the multiples.  
Mr Lloyd Wilkinson, general secretary of the Co-operative Union—the movement's central organizing body—said: "There is a state of merger activity going on. There is a possibility of at least half a dozen new mergers this year."  
Increased competition in the high street, which is expected to intensify pressures on the retail societies this year, is the key influence behind the merger talks.  
Apart from mergers of some small societies in Scotland, this year has already seen the creation of an East Merca Society with a £20m turnover in the Nuneston and Hinkley area.  
The Walsall and Kidderminster societies are proposing a West Midlands Co-op with a combined turnover of £40m.  
Now Hull and East Riding Society, which has 50 stores with a £17m turnover in the Humber and East Coast area, is preparing a formal application to join Co-operative Retail Services (CRS), the movement's largest single retail organization. A final decision, on joining is expected to be made during the summer. One advantage is the possibility of a superstore development.  
CRS is one of the movements most successful operations, even in last year's difficult trading conditions, increasing net sales by 16.2 per cent.  
Buran acceleration of the rate of mergers could bring within sight the possibility of



### SUN ALLIANCE INSURANCE GROUP

#### ANNUAL GENERAL MEETING

The Annual General meeting of Sun Alliance and London Insurance Limited was held yesterday at the Head Office of the Company in Bartholomew Lane, London, E.C.2.

Lord Aldington, the Chairman, presided and in addressing the Meeting stated—

"As you will know, it is my custom at the Annual General Meeting to give some indication of our progress since we reported our annual results.

Our underwriting so far this year appears to have met similar conditions to those of our principal competitors and, in the absence of severe weather, our results have shown some improvement on 1979. The difficult underwriting conditions to which I referred in my Statement, and especially the effects of increasingly high rates of inflation, remain all too evident and there has been further deterioration in several important sections of our business both at home and abroad.

Our investment income has continued to benefit from high interest rates and has shown good growth in the first quarter."

A Vote of Thanks to the Directors and Staff was proposed by Sir Raymond Potter.

Derek Harris





## Loans of \$1,000m for Australian gas project

Japanese and other banks have approved \$1,000m (about £435m) in loans for developing natural gas resources on the Australian west coast. The money will go to Woodside Petroleum, working on the Northwest Shelf project. The programme allows for output of 630,000 tons of liquefied petroleum gas and a large quantity of liquefied natural gas annually. The loan agreement will be signed next month. Meanwhile, BP Petroleum Development Australia reports increased gas levels on its Phoenix No 1 exploration well on the Northwest Shelf. Since Oil NI also reports encouraging tests on its Woodada No 1 well on the Perth onshore basin. The second test showed 6.9 million cubic feet a day.

### Oil accident toll

Oil accidents last year killed 250 people, 50,000 birds and 370,000 fish and led to the loss of 328 million gallons of oil. Mr Richard S. Golob, manager of the American publication *Oil Spill Intelligence Report*, said in Monte Carlo. The oil loss figure was 56 per cent higher than in 1978.

### Heavy crude find

Indonesia Petroleum (Inpx) of Japan and a French company, Compagnie Française des Pétroles, have discovered a possible oil deposit capable of producing 2,400 barrels of heavy crude oil a day in an undersea area off Mahakam in Indonesia's East Kalimantan.

### Cuts at Volvo

Volvo Car executives at Helmond in The Netherlands say measures to cut output by around 10,000 vehicles this year may involve non-replacement of workers leaving through natural wastage as well as a reduction in working time.

### 2,000m yen order

Nippon Electric Company said in Tokyo that it has won a 2,000m yen (nearly £4m) Chinese order for a satellite communications ground station to be constructed near Peking. China's other three stations were supplied by the United States.

### Zaire economy talks

Western nations and international aid agencies have begun a two-day meeting in Paris to reassess Zaire's long-term plan to restore its economy.

## Top companies avoiding exhibition despite challenge of competition

# Overcapacity in fork truck industry

The notable absentee at the international mechanical handling exhibition opening in Birmingham next week are a sign not only of the soaring cost of such ventures but also of a once resilient industry facing a rough time.

The absentees include Clark, the American-owned multinational which claims to be among the top three forklift truck manufacturers in the world. It is understood that Toyota, which represents the main force of Japanese competition in Europe, and Caterpillar, have not taken stands.

In the last two years, the fork truck market has become more competitive as its growth rate has decelerated, but manufacturers have had to weigh this against the high cost of exhibiting at shows and the potential of firm orders.

Clark moved its United Kingdom manufacturing operation to Mulheim in West Germany four years ago and wanted to be at the Birmingham show. But Clarion Mechanical Holdings, the company which markets Clark's trucks in the United Kingdom, said it was not worthwhile.

The European industrial trucks business at the moment has too much capacity for the available work. Hyster and Caterpillar, both United States owned with

British factories, and Linde of Germany have all expanded manufacturing capacity. Clark has spent \$20m (£8.54m) expanding the Mulheim factory but it is running at 60-80 per cent of full capacity.

Herr Gunter Herr, general manager of Clark's industrial truck division for Europe, Africa and the Middle East, reckons that the annual rate of growth in demand in his area has more than halved to about per cent. This includes the above-average buying of fork trucks made by Arab nations.

One consolation is that compared to other motor industry sectors, including cars and commercial vehicles, the industrial truck market is showing greater buoyancy.

Fork truck salesmen throughout Europe are now attempting to convince industry that the average age of vehicles is too high. Although fork lift trucks may not be high technology products, it is claimed that new generation machines offer refinements that can lead to significant reductions in running and maintenance costs.

Salesmen are also having to combat the growing impression among buyers that European trucks are too heavily designed and too expensive. The Japanese onslaught in this market has been based

on providing simple vehicles, chiefly in smaller, electric powered trucks, at prices that are between 5 and 20 per cent below the competition.

As a result, the emphasis is switching increasingly to improved service and support and the provision of complete mechanical handling packages. Clark has become a heavy shift away from outright purchase to rental and hire.

Clark has about 45,000 trucks on rental throughout the world and its United Kingdom rental fleet alone is worth almost £9m. It is estimated that the proportion of Clark's British sales which is on a rent or lease basis will rise from 35 per cent in 1979 to 50 per cent this year.

Harvey Plant, a member of the Lex Service Group which controls about a fifth of the United Kingdom fork truck hire market, believes that demand will grow by about 7 per cent a year for the next five years. Its guarantee to repair or replace within 12 hours, a computerized fault analysis and other services will, according to Harvey, convince many customers that renting is better than buying.

Edward Townsend

## Finance minister opposes lira devaluation

From John Earle

Rome, May 28

Signor Franco Reviglio, the Italian Finance Minister, today rejected as "a disaster" any devaluation of the lira in the European Monetary System, such as is being urged by industrialists to restore export margins.

Any advantage for exporters would last only a short time and certainly less than six months, Signor Reviglio said in an interview with the Rome newspaper, *La Repubblica*.

Devaluation would further increase the already high inflation rate. "We would arrive almost certainly at South American levels. At that point, I do not know who would be a position to govern the Italian economy and society."

The minister admitted that internal inflation was reducing the international competitiveness of Italian goods, and that in certain sectors, like motor cars and fine chemicals, "we are already out of the market".

He claimed, however, that inflation was falling, when calculated at an annual rate: from 25 per cent in December to under 20 per cent today.

The answer was to reduce labour costs, probably by the Government's reimbursing a higher proportion of social insurance charges paid by employers.

He believed that it could do this by tightening up on tax evasion, without exceeding the ceiling which has been set on the public sector deficit of 40,500,000 lire (£20,663m).

## Oil chief confirms his faith in UK shipyards

By John Huxley

KCA International, the oil service group engaged in talks with British Shipbuilders over contracts for rigs worth £160m, has bought a deep-water drilling ship from a Dutch yard.

Mr Paul Bristol, chairman of KCA, said yesterday the purchase did not affect negotiations with British shipyards. These were progressing smoothly and he hoped to be able to make a further announcement at the end of next month.

Talks are expected to result in an order for British Shipbuilders to construct four semi-submersible drilling rigs with substantial loan backing from the Government.

Mr Bristol said that the decision to buy a drilling ship, capable of working in depths of up to 4,500 feet, demonstrated the company's commitment to expand its drilling interests quickly.

"The drill ship must be regarded as a stepping stone in our programme. Its purchase shows that we are looking for cash flow and profits within the next 12 months."

KCA Offshore Drilling, KCA's wholly-owned subsidiary, believes it has acquired the drilling ship at a bargain price. It will pay Rijks-Schelde-Vereeniging (RSV) about \$20m (£8.4m) for the vessel which has lain half-completed for several months after the order was cancelled by its original Norwegian buyer.

A further \$20m will be spent in another Dutch yard to complete the ship, which is expected to be ready for operation in a year. Mr Bristol said likely drilling locations were in the Norwegian sector, north of the 62nd parallel, and off the coast of Labrador.



Mr Paul Bristol: future rig requirements to be met by British yards.

Mr Bristol is confident that future rig requirements can be met by British yards. Talks are continuing with Cammell Laird, British Shipbuilders' Merseyside subsidiary, and with oil companies on the type of rigs needed to meet their drilling requirements.

Discussions have also involved the Department of Industry, which will be asked to approve credit for the four rigs under the terms of the 1972 Industry Act. KCA plans to sell 80 per cent of the equity in its offshore drilling subsidiary to outside shareholders.

KCA also announced yesterday that it was well advanced in negotiations to acquire a drilling mud company and another drilling company in the United States. No other details were given.

## Whitehall battle 'to sway nuclear decision'

By Peter Hill

Industrial Editor

Civil servants at the Department of Energy have been accused of an "astonishing and deliberate attempt to frustrate ministerial power and authority over the future development of nuclear power during Mr Wedgwood Benn's tenure as Secretary of State for Energy."

The claim is made in a book published and written by Mr Brian Sedgmore, former parliamentary private secretary to Mr Benn. Mr Sedgmore was sacked by Mr James Callaghan in November 1978.

His book reveals details of the battles which went on behind the scenes over the choice of the nuclear reactor system and also throws new light on the plans and arguments which reverberated through the Department of Industry over the workers' demand for a referendum at Meriden and at Kirkby Manufacturing.

The former left-wing MP argues that the civil servants at the energy department did not want to see the cautious development of nuclear power on the building of two advanced gas-cooled reactors (AGRs), but wanted the Labour Government to "cast caution to the winds" and go strongly for the American pressurized water reactors (PWRs).

Mr Sedgmore underlines particularly the role played by Sir Jack Rampton, the department's permanent secretary, and reproduces an outline of a detailed memorandum to Mr Benn from Sir Jack in November 1977 supporting the PWR choice.

That memorandum, according to Mr Sedgmore, precipitated a "crisis of confidence" with Mr Alex Eadie, a former junior energy minister privately calling for the removal of the department's permanent secretary.

Recalling the events as they happened from a diary which he compiled at the time, Mr Sedgmore refers to the conflict between departmental officials and the then Secretary of State, Mr Harold Wilson, and Sir Arnold Weinstock of GEC.

Dealing with similar though arguably less contentious and sensitive decisions at the Department of Industry, he claims that for the five years from 1974 the department "leaked" like a colander at a time when the Government was attempting to promote its industrial strategy.

Mr Sedgmore observes that none of the Labour ministers appointed to the Industry brief in 1974 felt they had the enthusiastic support of senior civil servants and claims that the most charitable thing that could be said about officials' approach to their work was that of "sullen acquiescence".

In his book, Mr Sedgmore highlights the controversial decision of Mr Peter Carey (now Sir Peter) to lodge, as accounting officer, a minute relating to the viability of the Kirkby Manufacturing Co. operative established by Mr Benn.

He also reproduces, almost in total, a detailed minute from one of the department's officials on a possible plan for winding up the Meriden Motorcycle Co. operative in a deal which would have involved the Japanese company of Kawasaki, the National Enterprise Board and Mr David Brown, the North-east industrialist who emerged last year as a possible buyer for BSA, Le Mans and Velocette.

The story of Meriden, however, is not yet over as talks are to take place with two other Japanese companies for a rescue of the motor cycle cooperative.

The Secret Constitution. An analysis of the political establishment. By Brian Sedgmore. Hodder & Stoughton, £7.95.

### Japanese index falls

Japan's wholesale price index (base 1973=100) fell in the second 10 days of May from 0.4 per cent to 132.8 from the level in the previous 10 days, according to the Bank of Japan.

### GM-Taiwan pact

Taiwan Machinery Manufacturing Corporation and General Motors Corporation are set to sign an agreement this weekend for a joint venture to produce heavy-duty trucks, buses and diesel engines in Taiwan, sources said in Taipei.

### Tibetan diamonds

Chinese geologists have discovered more than 100 natural diamonds in two Tibetan chromite ore deposits, the New China News Agency reports.

## LETTERS TO THE EDITOR

# NEB's holding in Ferranti: a question of disposal

From Mr J. Pickin and Mr A. Dodd

Sir, Recent statements by the NEB indicate that they will decide in the next month the manner in which they will dispose of their 50 per cent holding in Ferranti.

Following the crisis of 1974, the government invested £15m in the company by loan and equity: the loan has been repaid and the present book value of the investment in the company is less than £7m. Sold at market value in a manner which will retain the independence of the company, this will produce for the taxpayer some £50m. Sold as control to a single bidder so that the independence of the company is ended, the government might realize a premium on top of this figure.

The performance of the company which has justified this increase in its worth, has not been easy to achieve. Management has succeeded in gaining the confidence and cooperation of the workforce to bring about the changes in working practice, disposal, product line and factory closures and the

other reorganizations which were necessary.

Throughout this period, we have not had a single dispute associated with these changes because our employees understood the reasons and believed that their future and the independence of the company were at stake.

As a company, we are engaged in high technology. We share the views of the present government that we need both large and small companies to generate the new products necessary for the future economic survival of our country.

Over the period of our recovery, for example, our microcircuit operation has grown to sales of £28m (50 per cent overseas), with a return on capital of better than 20 per cent. We have for the last two years marked the only UK designed microprocessor. We wish INMOS and the GEC microcircuit venture on the Wirral well, but they have both yet to make their first products for sale.

Establishing successful high technology products is necessarily a question of throwing enough money at the

ing enough money at the

lem, and it is not clear what Ferranti have achieved in this field would have place in a larger enterprise.

Our employees feel they have justified their "patron" investment and earned the right to a pension future. It is in opposition to the new changes could have been further taxpayers' money would have ensured that NEB's stake in Ferranti was unmarketable as British land.

It will be interesting whether the principle of enterprise will be upheld or whether a dependence will be imposed for the equivalent of days' losses at British.

JOHN PICKIN, Technical & Planning Director, Ferranti Limited, Personnel & Industrial Relations Manager, Millbank Tower, London, SW1P 4QS.

## 'Ludicrous' terms for pensions inquiry

From Mr C. Kennedy

Sir, Dare I ask what will be the cost to the taxpayer of the recently-announced inquiry into index-linked pensions, with its ludicrous terms of reference?

Apparently, the inquiry is to be asked to consider, inter alia, the additional value to be placed on the relative degree of security in the full inflation-proofing enjoyed by public sector employees. Presumably, the idea is that this "additional value" should be measured in money terms although the only reason for a greater degree of security attaching to inflation-proofed pensions is that money is not a reliable unit of measurement. A more futile exercise could scarcely be imagined. In terms, there is no additional value attaching to the greater security of inflation-proofed pensions, although clearly the insecurity of pensions which are not inflation-proofed detracts from their value.

I have no personal interest in any occupational pension scheme. I do not in the very

least begrudge the bureaucrats and others their inflation-proofed pensions, and I hold in disregard anybody who does. The legitimate grievance that we have against the bureaucrats in Whitehall is that having secured their own future, they deny the rest of us the opportunity to make secure provision for ours, by their refusal to make adequate issues of index-linked bonds. The issue of such bonds was suggested by Keynes as long ago as 1924 in written evidence to the Committee on National Debt and Taxation, and has of course more recently been advocated by Professor Milton Friedman.

The last sentence of Keynes' paragraph on the subject is worth quoting: "Unless, therefore, the Treasury hopes to make a profit by the depreciation of legal tender, it would lose nothing, and might gain something in terms of interest, by issuing such bonds as I have indicated."

Yours faithfully, CHARLES KENNEDY, 26 Ethelbert Road, Canterbury, Kent.

## The crucial aspect of who pays the auditor

From Mr R. S. Lowe

Sir, The article in *The Times* of May 12 concerning the independence of the auditor was read with a great deal of interest. I am a member of the accountancy profession and thus the views of Mr Arthur, as a partner in an international accountancy firm, are worthy of attention.

The article was arguing against protective rules and emphasized the standards of integrity. The author regretted the good old days, when auditors gave opinions based upon professional expertise and independent judgment.

Unfortunately, the good old days have long gone, and auditing is now big business. The article fails to mention the crucial aspect of auditing — who pays the auditor?

The auditor is representing a large mass of shareholders who he never really meets. But, his relationship with the directors of the company is always on an on-going basis. Given this situation and the massive audit fees involved (particularly with the recent trend of firm mergers) the public are rightly concerned as to the value of the auditor's work.

Money can be the root of evil even for accountants. We have to demonstrate in a tangible manner (rule books, peer reviews or whatever) to ensure that the confidence of the public is retained. The other alternative is to make auditors part of the Civil Service and that is something we all agree upon! Yours sincerely,

R. S. LOWE, 5 Campion Road, Widmer End, Bucks, May 14.

### Shares buying adds nothing

From Mr J. Perry Lewis

Sir, May I correct a few of the muddles perpetrated by David Blake in an article that disgraces your pages?

1. The purchase of shares usually adds nothing to industrial investment. It merely transfers the ownership of assets. The income generated by these assets is taxable, but it is already augmented by the tax relief that the payer receives out of investment allowances and other factors. So much for his statement that "industrial investment does not" get tax relief.

2. Schedule A income tax, sound in theory, was abolished because after making allowance for the owner-occupiers' expenditure on repairs and maintenance, its net contribution to the Exchequer was too small to justify the costs of its collection and its legitimate avoidance.

3. Owner-occupiers receive tax relief on the interest they pay. Those who lend to building societies are taxed on the interest they receive. The net result to the Exchequer is trivial. If tax relief is abolished, then the Exchequer becomes a substantial net beneficiary of the activity of financing house purchase. This is an argument that I have developed at length elsewhere, and which I will be happy to expound to Mr Blake (or anybody else) if he writes to me. Yours faithfully,

J. PERRY LEWIS, Professor of Economics of Regions and Towns, University of Manchester, Manchester 13, May 19.

### The Times Special Reports.

All the subject matter on all the subjects that matter.

## Catch 22 on foam injection

From Mr C. H. G. Pearson

Sir, May I add to your "F with foam" (May 19) a

(When foam was injected into a three-storey building it immediately sank to the ground, made seven flats unsafe)

Dry weather and we tried our free but "admission of liability" the damp six months. However, Southern E (the main contractor) is interested, the City Inland Council will be as well as the Undersecretary of the Board. The Board helps the insurers and their assessors intent on minimizing their own cost.

It was found that the should in any case, no when the building was exposed to comply with Agreement certificate. It says "Catch 22" re: if it had complied with good-as-it-did not the care did not apply.

Mr Langford's words are justified. Mr trade and professional tions, Agreement certificate contractors' guarantees: cious little protection. CHRISTOPHER PEARSON, Winchester Homes Ltd, Kings Somborne.

### A deja vu situation

From Mr M. Pilch

Sir, My attention has been drawn to the fact that we have just republished standard Raymond article that first appeared January 14 of this year. The headline changed and the order paragraphs altered, but the substance was the same. When I wrote to know whether the new editorial recycling old material 127 days extends to your correspondence columns, presumably we can expect the letters which expose fallacies in Mr Langford's article to reappear, turn without putting authors to the trouble writing them.

When the cycle has completed, however, may I suggest that you give Mr a rest: otherwise there is a drop in your figures on September 2. I calculate, his article to make its third appearance. The National Association of Professional Writers, Prudential House, Wellesley Road, Croydon CR9 9XY.

### The General Scottish Trust Limited

A member of the Association of Investment Trust Companies

Results for the year ended 31st March 1980

	1980	1979
Total Income	£1,834,469	£886,252
Revenue available for		
Ordinary Dividend	£512,720	£427,673
Earnings per share	5.27p	4.27p
Dividend per share	5.00p	4.00p
Net asset value per share	121.1p	130.1p
Total net assets	£13,505,384	£10,073,345

Salient points from Mr. P. W. Tarrant's statement

The lifting of Government restrictions on the payment of dividends has led to some substantial increases in dividend receipts which are reflected in the material increase in the revenue available for distribution to Ordinary shareholders. This very satisfactory increase which has not been achieved at the expense of capital performance, enables the Directors to propose a Final Dividend of 5p per share, increasing the total dividend for the year by 25 per cent from 4p per share to 5p per share.

It is the intention of your Board to try to increase the overall portfolio yield over the next year or two. Emphasis on yield, which has always been part of past investment policy, has shown that it does not necessarily impose a material penalty on capital appreciation, so that an effort to increase the portfolio yield should not lead to a disappointing asset value performance. Nor would such a policy be a dramatic change in investment outlook. It would merely be an additional emphasis on income.

The Directors are proposing a Capitalisation issue of one New Ordinary share of 25 pence for each Ordinary share of 25 pence held. Prospects in general cannot be regarded as good. Macroeconomic forecasts indicate a period of slow growth, if not of recession, not only in the U.K., but also in most developed countries. However, there will always be companies and industries which will avoid the worst effects of recession and our task is to seek them out.

Despite these difficulties, the Board expects to be able to report increased earnings and to pay an increased dividend in the current year.

4 MELVILLE CRESENT, EDINBURGH EH3 7JS

R. W. McGregor, C.A., Secretary.

# Coats Patons

Sales more than maintained but profits again affected by exchange movements. 1980 results expected to be better.

The following are extracts from the Review of the Chairman, Mr. W. R. Henry, and from the Directors' Report for the year ended 31st December, 1979.

### STAFF

The number of people employed by the Company in the U.K. has, regrettably, fallen by 4,000 between 1975 and 1979. On each occasion the decision to cut the labour force was painful and not taken lightly. The main reason is the level of textile imports from cheap labour countries.

Understanding and goodwill of employees are not to be taken for granted at the best of times and when shown under adverse circumstances are deserving of high praise. Equally praiseworthy has been the realism and understanding of the Trade Unions involved. I wish to thank our employees everywhere for their hard work and loyalty.

### THE BUSINESS YEAR

The strength of Sterling against other currencies has reduced our profits for the third successive year. As a point of interest, exchange movements have cost us some £40 million over this period, of which at least £20 million is due to the value of Sterling and the balance to the perennial weakness of Latin American currencies which we have successfully absorbed for many years.

Trading conditions in the U.K. were the worst for years — unreasonable weather, the substantial increase in VAT, high interest rates and the conspicuous absence of American tourists with sufficient funds to buy fashion merchandise all contributed. Profits also fell in Brazil where price increases did not match the exceptional devaluation of the Cruzeiro, Europe, U.S.A. and Australia, however, showed a significant improvement over the previous year.

### PROFITS AND DIVIDEND

Trading profits at £66 million fell by 9% or £6.6 million after exchange losses on conversion of foreign profits amounting to £18 million. This figure includes some £6 million due to the current strength of Sterling and £6 million to exceptional devaluations in Brazil and Turkey. Overall trading margins fell from 10.7% to 8.7%.

Interest charges have risen by £2.4 million. The Directors recommend a final dividend of 2.6p per share making a total of 4.0p for the year.

In the U.K. alone we are behind such famous names as Jaeger, Country Casuals, Donbras, Byford, Driver, Dalkorth, Ladybird, Chipmunk and BabyChic. We are in general tactics with West Riding Woollen Mills and John Heathcoat. Our other products include dressings and windings.

### GOVERNMENT POLICY

After a year in office the Government continues its policies of controlling the money supply, reducing the public sector borrowing requirement and of non-intervention in wage bargaining — the primary target being the reduction in the rate of inflation.

Temporary unemployment is an acceptable consequence of pursuing any policy designed to defeat inflation. The mutilation of entire industries is, however, a much more serious matter. The perceived wisdom is that it is the "old" industries (synonymous with inefficiency) which are affected and that they are expendable. The future of the U.K. is regarded as depending on new industries based on high technology which will somehow survive competition as fierce as that facing the old industries.

No-one should defend inefficiency, but it must be pointed out that a considerable part of our old industries is not inefficient. The textile industry, which is labour intensive, is a good example. MFA, which establishes quotas for imports from the Far East where wages are between some 6% to 25% of U.K. wages, creates an impossible level of competition to the U.K. manufacturer as the wage gap is too great to be bridged by the very highest level of efficiency. The U.S.A.

is attacking European markets with the assistance of a weak Dollar and artificially low oil prices, resulting in cheap synthetic fibre. Iron Curtain countries are probably seeking hard currency by exporting at very low prices. One of the largest industrial groups in Japan has published results recently showing sales of U.S. \$62 billion and profits of U.S. \$70 million, a margin on sales of 0.11%. This company is efficient so one can only guess what its aims are. A British company with similar figures would have difficulty in raising all the capital required in the City.

I can only hope that the Government will make a close study of the export practices of all our competitors and take the necessary action in good time.

### PROSPECTS

As always, the most significant factor in estimating the results for the current year is the relationship of Sterling to other world currencies. For the 1980 estimate we have decided to repeat the 1979 rate of U.S. \$2.22/£1 and to allow for weak currency devaluations. We anticipate an improvement in overall trading profits both in the U.K. and abroad: interest charges will increase but, excluding significant exchange movements, 1980 profits should exceed those of 1979.

### GROUP RESULTS FOR 1979...AND



BY THE FINANCIAL EDITOR

## Pausing for breath

Along rush into sterling and gilts of 10 days stopped yesterday, and gilt ased. Even so, in the past three days ts have put on between 1 and 1½

of the buying came from foreigners. reckoned to have placed between £400m in the United Kingdom 'ker during the last week or so. nstitutions have been largely out of ket in that period largely because pping baskets had been filled some store.

is factors have combined to provoke at buying, so it is difficult to dis- the purely speculative elements ger-term indications.

he past two years sterling has been for obvious reasons ahead of Opec. The Opec meeting scheduled for certainly one reason for the recent d probably accounts for the specu- cement.

ere are several foreign institutions ve apparently decided that a prof- of their portfolio should be in gilt- ing-term. Some of them are central d thus sterling seems to be, willy- suming a modest role as a reserve

he simplest and most cogent r what has been happening is the between interest rates here and ith three months Treasury Bills 15 per cent, twice the rate on the is not surprising that there has y gilt and sterling buying. That ge enough to cater for most con- even uncovered positions. Some ave probably bought gilts and ainst sterling in forward markets. terest rates ease off in the short r should still show a good profit.

### Enkalon tegy revival

lling trading conditions in the ndom textile industry have so uduced any major bankruptcies. ar is young. Still, British Enka- cash injection from its Dutch nt is as near as makes no differ- escue package since without this rs admit that "the long-term via- group is in doubt.

ish operation has long been the aid of the Dutch chemicals and nt, having made its last profit t running up losses of more than

same time group shareholders' halved to £9.2m. Since the end r British Enkalon's position has Borrowings have mushroomed n to £18.1m, almost double capi- serves, and with the group pre- ven heavier loss than last year's; clear that the financial base is t an alarming rate.

ith this, minority shareholders' tion but to see their holdings uted following the issue of 28 " shares to Akzo which takes the nt's stake from 71.7 to 83.7 per nt was the wealthy Carington eholders had also to pay when ace equity with a small group of because it could not get a rights Indeed there is some solace in at the Dutch group's review of n fibre operations still finds a he British end, on which some e spent in the years up to 1984 e production facilities.

ie shares are plainly speculative on optimistic projections the ill not be before 1983 during dividend is planned. But unlike s competitors British Enkalon ough it will still be around then it unbowed.

### ium

sen increasing market share in ager. So at the interim stage, rted by property disposals and me borue retroactive adjust- e profit sharing scheme, profits, ice increases from January, ce higher at £50.1m. epreciation and a surprisingly est charge margins have

expanded from 11.4 to 12.3 per cent on profits up by 22 per cent. This is much in line with Whitbread's performance for the same period—profits at the same level rose by a fifth—but if allowance is made for the Price Commission depressing profits in Bass's 1978-79 first half, then profits growth has been rather slower.

One explanation is the disappointing performance from hotels and the wines and spirits side which have not lived up to Bass's expectations.

Interest charges up by half to £8.6m are the result of the heavy capital spending programme and inflationary increases in working capital and there is likely to be a full-year cash outflow approaching £20m.

Furthermore, earnings in the current year will suffer from a higher tax charge: stock relief will be less and the group is allowing



Mr Derek Palmer, chairman and chief executive of Bass.

for a 30 per cent tax charge compared with 20 per cent in 1978-79. Because of this attributable interim profits were £1m lower at £34.5m.

Having said that, there is no sign of Bass's strong position in the industry slipping. Profits should run out around £125m this year and the 4p drop in the shares to 218p is probably as much due to profit taking after recent strength as to disappointment with the figures.

Yielding 5.5 per cent if the final is only increased by a tenth like the interim, Bass still justifies its premium rating in the sector.

### Tate & Lyle

## Commodities make the running

Tate & Lyle's profits for the half-year to end-March are up from £6.3m to £9.2m on a comparable basis—that is, after relegating profits on ship sales to extraordinary items and stripping out the exceptional which added £4.9m to the equivalent figure last year.

Considering that the latest figure is struck after allowing for a £5m turnaround into losses of £2.7m in the Agribusiness division—which suffered closing costs on some contracts and opening costs on others—it is a creditable performance. It would, however, look a great deal more impressive if it weren't for the fact that the improvement is almost entirely attributable to a doubling of commodity trading profits.

There were improvements elsewhere, notably in sugar refining, where the £1.1m of the comparable period (struck after rationalization costs) was trebled; in bulk liquid storage, where a higher rate of utilization pushed trading profits up from £0.4m to £1.2m; and in shipping, where higher freight rates more than counteracted the effects of ship sales to leave profits at £1.3m as against £0.9m. But the starch division suffered badly from competition, and turned in a loss of £2.1m; and specialty chemicals are still generating losses (£1m against £0.3m) rather than income.

While the problems, for both these divisions and the Agribusiness, are likely to be less severe in the second half, the fact remains that it will be the commodity trading site that makes the running this year—and very likely into the future, unless the arguments over beet cane are resolved to the benefit of T & L's sugar refining margins.

However tight the overall financial controls (and Tate & Lyle got its borrowings down in the first half, though by dint of £22m of ship sales), the fact that so much of profits comes from such a source is bound to limit the scope for appreciation in the shares, now selling at 126p for a yield of 12 per cent on the historic dividend.

## Economic notebook

### Indexation in the dock

Having ignored the problem of public sector pay for the first year of its term in office, the Government is now in danger of rushing off wildly in all directions.

The suggestion that the pensions of people in the public service, most notably civil servants, should no longer be increased in line with inflation, is a classic example of the dangers of the "something must be done" school of government.

There can be no reasonable objection to the decision to hold an enquiry into whether the true value of indexed pensions is taken into account in deciding public sector pay. But ending indexation for the pensions themselves would be a decided step in the wrong direction.

In a time of rapid inflation, an indexed pension is a good thing to have. But we ought to be clear what it does and what it does not do. It protects those who receive it against seeing the real value of their pensions fall.

In the same way, it stops the cost to the Government of the pension from falling in real terms. But all that happens is that the cost does not fall; it certainly does not increase, at least on a pay-as-you-go basis, when measured in real terms.

So any impression which comes across that indexation imposes a never-ending increase of the pension bill burden on the public sector is quite incorrect. Of course, the techniques which we use to fund some public sector pensions may mean that cash has to be injected. But that is a problem of the system of funding, not of pension indexation itself.

Why then is the question of indexed pensions one which provokes such a strong response? There are two reasons. The first is that other people in broadly comparable jobs in the private sector do not, on the whole, get pensions and we all tend to concentrate our thinking on the injustices we suffer rather than the advantages we enjoy.

Within the Civil Service demography, "perks" such as the company car enjoy a place just as prominent as indexed pensions for civil servants do in the private sector. There is little doubt that a disparity of treatment is bad. But we ought to harmonize policy on the most sensible practice, not the worst.

In the case of pensions, this must be to give everyone a guarantee of the real value of their pension. There is no reason why anyone should see the worth of their retirement income being steadily reduced. Indexation in the allowances and in state pensions is rightly seen as honesty in government; much the same applies to contributory pensions.

### Pensions

Suppose the Government were to end indexation of its employees' pensions. What would this tell us about how it saw the future? It could tell us that the Government was making a purely cosmetic gesture to appease anti-bureaucrat feeling.

If the Government means what it says, and knows what it is talking about the policies at present being pursued will reduce inflation to a low level within the next few years. If that happens, the steam ought to go out of the indexation issue. Without high inflation there is little attraction in having an indexed pension.

If abolishing indexation of pensions is to have anything other than presentational impact, the inflation rate will have to remain high. So for the Government to undo the indexation provisions in public sector pensions would be the most dramatic gesture possible of lack of confidence in its own ability to beat inflation.

The only circumstances under which such a change would be actually mean anything would be if inflation went on at a high rate. If that indeed is what will happen, the sooner the rest of us get our pensions linked the better. There is no reason why the elderly should pay the burden of the failure of policy.

There is a second reason why indexed pensions have assumed such importance, however. This is the general sense that people outside the public sector have that those within it, particularly in the Civil Service, have done better, are doing better and will do better than the rest of us.

There is only limited evidence to suggest that public sector workers have done better. During the years of pay policy, public employees were forced to observe Government restraint more strictly than the rest of the economy.

Some of the gap which exists at present between public sector pay and that in industry is simply the catching up of an advantage which industry gained. But only some. For there is a strong case in support of the view that civil service pay has now moved ahead of that paid in genuinely comparable private sector employment.

The word "genuinely" is of key importance here. For the methods of pay research which are used, have to start from the basis of such broad categories as the Civil Service, and it is hard to believe that they are really adequate.

### Policy

Take the principal grade, for example. This covers a large number of civil servants. Some of them are involved in drawing up policy advice in quite small areas of government policy; others run quite large regional operations with hundreds of staff.

Within the Civil Service, the policy-making function has always tended to have more prestige than executive function; yet when the pay of principals is being determined the comparison made with the private sector is usually on the basis of those carrying out executive tasks with managerial responsibility.

It is this managerial responsibility which is most often invoked to justify comparisons which are made with outside jobs such as branch managers of building societies. The pay which is awarded, on the other hand, goes across the scale to all at that grade. What are the lessons which follow from this? One is that the Civil Service grading structure does not fit in easily with the comparability formulae used.

A more rational structure would involve greater variations in pay and would almost certainly increase the internal worth given to executive as opposed to policy advice functions. Such a change will not come easily from within a Civil Service where the top jobs go to those who came up on the inside career ladder rather than through managing large offices.

Yet improvements in efficiency within large departments, such as the Department of Health and Social Security, are where the important cost savings can really be made. Within the public sector, it would almost certainly be necessary to pay more to some groups, such as computer programmers. Changes would involve the Government accepting a greater responsibility for pay settlements and for the nature of pay.

The second lesson ought to be that, in determining the new pattern of pay, the extent to which it is possible to get people to take jobs in an open market is usually the best indicator of comparability. There is a beginning to be anecdotal evidence that clerical and other jobs which have remained unfilled for many years in the Civil Service are now being occupied. This could even lead to an increase in the number of civil servants above the level already planned.

The reason for this is partly good pay and partly job security. At a time of recession this latter fact is of great importance. Many of those in Civil Service pensions worked in the public sector at a time when salaries were not at their present high level. It would be a mistake to be diverted into an attack on public sector pensions when there are other and more relevant questions for the Government to deal with.

David Blake

## How Japan has learned from energy shortages

For managers and men at the Mitsui shipyard at Chiba on the outskirts of Tokyo, the memory of the days before the 1973-74 oil crisis is still fresh. But times have changed. The huge building dock is now mothballed by government edict and the giant welding jigs stands idle casting its long shadow over the yard.

Before the oil crisis the yard regularly pushed through over 20,000 tonnes of steel a month from its stockyard to the berths. Today the average is less than a third of that. But the weakness of the yen and the reputation for reliable delivery still ensure that the Japanese yards are coping up enough orders to set alarm bells ringing again in Europe.

The quadrupling of oil prices in the early seventies caused an upheaval in the Japanese shipyards which had built the bulk of the world's oil tankers. Almost overnight the industry's problems pushed Japan as close to chaos as it is ever likely to get.

The effects of the oil crisis did not stop at the shipyards. The whole of the Japanese industrial machine was brought up sharply and is now recognising the new world order.

Any complacency which might have developed as a result of the relentless improvement of Japan's international trading performance disappeared. The steep increase in crude oil prices struck at the very foundations of Japan's industrial might because of its almost total dependence on imported hydrocarbons.

Companies which were forced by crisis to cut back their capacity and their labour forces are now assessing the problems brought about by the Iranian revolution.

The Iranian revolution has refocused attention on the country's critically balanced energy supply, for Iran is an important supplier of crude oil. There is every sign that the trading houses and the oil companies will secure replacement sources and ensure that the industry's energy continues to function efficiently.

Few doubt that Japan will ride out the latest storm. But worries about further increases in oil prices have already made their mark on the public consciousness.

Industry accounts for about 60 per cent of all energy consumed in Japan, a level much higher than in other industrialized countries, and every United States \$1 rise in the price of a barrel of crude oil will increase the internal worth given to executive as opposed to policy advice functions.

Such a change will not come easily from within a Civil Service where the top jobs go to those who came up on the inside career ladder rather than through managing large offices.

Yet improvements in efficiency within large departments, such as the Department of Health and Social Security, are where the important cost savings can really be made. Within the public sector, it would almost certainly be necessary to pay more to some groups, such as computer programmers. Changes would involve the Government accepting a greater responsibility for pay settlements and for the nature of pay.

David Blake



Assembling Honda motorcycles: Few doubt that Japan will ride out latest difficulties

But when Mr Kawashima tells his workers to "strive constantly for a harmonious flow of work; be ever mindful of the value of research and endeavour" the 7,500 workers at the company's Suzuka factory (average age 28½) listen and digest his words. The Suzuki management adopt an unashamedly paternalistic approach—and it works.

At Suzuka, one completed motor cycle comes off the production line every 15 seconds and average production each day is 4,000 machines plus another 1,000 in CKD (completely knocked down) form.

Almost apologetically, Honda engineers will concede that the plant is producing 5,000 motor cycle engines a day—20 years ago they produced only 1,600. Britain's once proud motor cycle companies have good reason to remember what happened in the intervening years.

On the assembly line for the Honda Civic, vehicles roll off at the rate of one every 43 seconds with assembly greatly enhanced by an automatic welding machine which completes 150 spot welds on the body shell and chassis within 25 seconds. Trucks take a little longer, rolling off the line at a rate of one a minute.

Honda's Suzuka factory is by means unique. Toyota, Nissan and the other motor manufacturers have similarly high levels of performance. Equally the high investment, high productivity and keen competitive edge of Japanese industry ranges across the entire industrial spectrum from steel and ships to televisions and electronics.

Peter Hill

## Mothercare

everything for the mother-to-be and her baby... and children up to ten.

### FINAL RESULTS

(52 weeks to Friday 28th March 1980)

	1980 £'000	1979 £'000	Increase %
Sales (excluding VAT)			
UK	129,816	105,722	23
Europe	17,463	15,296	14
USA	12,873	9,659	33
	160,172	130,677	23
Trading profit			
UK	21,226	15,725	35
Europe	1,001	1,622	(38)
USA	(385)	(1,593)	—
	21,842	15,754	39
Other items	436	—	—
Profit before tax	22,278	15,754	41
Tax			
UK	10,572	7,516	41
Europe	594	618	(4)
USA	21	17	24
	11,187	8,152	37
Profit after tax	11,091	7,602	46
Earnings per share	17.20p	11.79p	46

\* The final dividend recommended is 3.38p (1979 2.25283p) per share, making a total dividend for the year on ordinary shares of 5.00p (1979 3.38833p) per share, an increase of 48%.

\* European and USA subsidiaries' accounts are for the 52 weeks to 29th February 1980 (53 weeks to 2nd March 1979). Mothercare Finance Limited has been consolidated for the first time. The figures for 1979 have been adjusted for comparison purposes.

\* Profit before tax includes investment income less interest paid of £1,024,000 (1979 £408,000).

\* Other items consist of the following—  
£'000  
Capital receipt 162  
Profit on disposal of properties 274  
— 436

\* Total exports exceeded £13.9 million, an increase of 16%.

\* During the year new stores have been opened in Bury St Edmunds, Falkirk, Horsham, Milton Keynes, Rochdale, Slaines, Warrington, Washington, Windsor, Vienna (Austria), Antwerp and Liege (Belgium), The Hague (The Netherlands), Ayr and Basel (Switzerland). In the USA 8 new Mothercare stores opened and 6 Mother-to-Be stores were closed as planned.

\* The number of stores trading at the year end was:  
UK 188 (1979-177)  
Europe 24 (1979-16)  
USA 158 (1979-154)

Copies of the Annual Report may be obtained on request to the Secretary.

## Mothercare Limited

CHERRY TREE ROAD, WATFORD, HERTS WD2 5SH

Austria • Belgium • Denmark • The Netherlands  
Norway • Sweden • Switzerland • United Kingdom  
United States of America • West Germany

## Business Diary: Career guidance for MacGregor • Sir Anthony of RTZ

el Corporation's chairman-designate created a y by crasbing a apagne over, of all omatic car washer Victoria embank-

ual, not to say event was the brations to mark ure of the one car washer by Wash which now ash 1½ million r in Britain.

may think do car the transatlantic tor have in com- t so happens that a lifelong friend apany's founder, on who played a elping MacGregor his mind to take

revealed that the boyhood friends spend a fair eir time close by ily home on the i Linthe. very important y decision. He r that, before, I s the job as the BSC that I contributed to people who have e of the things



masters of the Vintners' Company. It is in the traditional surroundings of the Vintners' Hall that the artist John Edwards has captured That master of the board-room portrait, Leonard Bodin,

is as omnipresent as ever at these occasions and has even managed to steal, albeit inadvertently, a little topicality. One of his subjects is Sir Anthony Tuke, of whom more may be discovered elsewhere in Business Diary.

● Sir Anthony Tuke is obviously unaffected by student demonstrations and the prospect of awkward questions at annual meetings.

The news that he is to become chairman of Rio Tinto Zinc after his retirement as chairman of Barclays Bank means that he is moving from one apartheid frying pan into a very similar fire.

Barclays has been the target of anti-apartheid wrath for some years over its involvement in South Africa. RTZ is seen in a similar, if not worse light in such quarters for its activities in southern Africa and several other parts of the globe.

Winchester-educated Tuke, who served in the Scots Guards during the war, is unlikely to be moved by the protests which he has become increasingly familiar. The placards and demonstrators were out in force for the RTZ meeting at which his appointment was announced yesterday.

● Should Westward Television lose its broadcasting franchise to the Soviet-bloc consortium, there will be a double element of irony for the Westward hierarchy.

One of the principal backers for TSW is the British and Commonwealth Shipping company which has offered to put up £105,500.

Last year, B&C moved into the burgeoning air market by merging British Island Airways and Air Anglia with the sailing Air Westward to form Air UK.

The signs are that Air UK, unlike going to prove a flier, unlike Air Westward, whose previous owners were glad to be shot of it. And who were the owners? None other than Westward Television.

David Hewson



## AVON RUBBER COMPANY LIMITED INTERIM STATEMENT

\*Profit for the half year, unaudited, suffered from the effects of high interest rates, the firm found in relation to export business and a decline in demand caused by the lower level of activity of many of our customers in the United Kingdom. Measures taken within the group to improve efficiency are showing benefit, and these are being intensified.

The half year dividend on the 4.9% Cumulative Preference Shares at the rate of 2.45p per share, amounting to £12,250 will be paid on 30th June 1980 to shareholders on the register at 12 noon on 16th June 1980.

An interim dividend of 4p net per share (the same as last year) will be paid on 7th July 1980 on the £1 Ordinary Shares of the company to shareholders on the register at the close of business on 6th June 1980. The cost of the interim dividend will be £265,500.

	Half year to 29th March 1980	Half year to 31st March 1979	Financial year ended 29th Sept 1979
Turnover	£81,153,000	£74,280,000	£150,558,000
Operating profit before depreciation	4,534,000	3,440,000	7,569,000
Share of profits of associated companies (note 1)	110,000	15,000	68,000
Depreciation	4,844,000	3,455,000	7,837,000
Operating profit after depreciation	1,528,000	1,556,000	2,892,000
Finance charges	3,116,000	1,889,000	4,745,000
Profit before taxation	2,332,000	1,469,000	2,192,000
Taxation (note 2)	784,000	431,000	2,553,000
Profit after taxation	235,000	288,000	515,000
Minority interests	549,000	143,000	2,038,000
Profit attributable to Avon shareholders	29,000	32,000	83,000
Earnings per share	7.6p	1.5p	29.1p

Note 1 Kenya companies are now treated as associate and not subsidiary companies.  
Note 2 The charge comprises advance corporation tax and tax on profits of overseas companies.

**AVON**

## WATTS BLAKE BEARNE & COMPANY LIMITED—NEWTON ABBOT

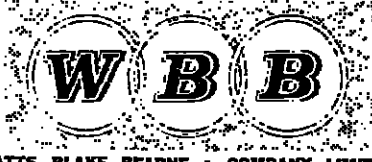
Mr. C. D. Pike, Chairman, reports:

### Continued profit improvement

Other points from the Annual Report:

- Pre-tax profit up from £3,015,718 to £3,508,394.
- Dividend increased by 15%.
- Scrip issue of one Ordinary Share for every four held.
- Home sales of ball clay in the main remained constant; export sales increased by just over 10%.
- 1980 has started well although we expect a modest deterioration in trade throughout the world, with little hope of a positive revival before 1982. We shall use any slack period ahead of us to good account and do our best to maintain our profit growth record.

Annual General Meeting: 6th June 1980



WATTS BLAKE BEARNE & COMPANY LIMITED

PRODUCERS OF BALL AND CHINA CLAYS

# We started contracting 100 years ago; we've been expanding ever since

In the year to 31 December 1979, George Wimpey's turnover topped £1,000 million, for the first time in its 100 year history.

Pre-tax profits were £47.3 million and the directors propose a final ordinary dividend of £5.8 million.

At the end of 1979, the Group had around £100 million worth of plant, equipment and transport at its disposal. At any one time, Wimpey has over 600 projects under way across five continents. The Group employs some 40,000 people worldwide, with over 50 offices in 31 countries.

Wimpey builds motorways, bridges, dams, harbours, drydocks, runways, airports, reservoirs, refineries, oil and gas rigs, smelters, mosques, schools, universities, hospitals, offices, factories, irrigation schemes and homes.

Very different from the stonemasons business George Wimpey set up in Hammersmith in 1880.

## FINANCIAL NEWS

### Stock markets

## Equities follow gilts downward

Investors were given another gloomy session in the market yesterday as it continued to follow the performance of sterling.

Equities started on a brighter note with most dealers expecting a technical rally before the end of the week. But gilts took a different view as the foreign market all week, kept a close eye on sterling which had shown signs of profit-taking.

As a result the bubble in gilts burst with large sellers soon to the scene. In long-term early falls of about 1/16 were soon extended between 1/16 and 1/8 with the medium "tap" Exchequer 13 1/2 per cent 1992 softening to £20; before closing at £20 1/2.

Shorts the story was similar with falls of about 1/16 to 1/8. However, signs of a rally in sterling after hours saw buyers come in at the lower level which led jobbers to adopt an optimistic outlook for trading today.

But with the downturn in gilts it was only a matter of time before equities followed their lead and prices drifted lower once again.

Further gloomy economic news from the CBI and more falls in Britain's industrial out-

put did little to help an already depressed market. So with an absence of buyers, who appear to be adopting a wait and see policy, the market continued to drift lower. The FT Index closed 3.4 off at 416.5.

C Leading industrialists suffered another nervous session ahead of several leading companies reporting today. Among these

Buyers have eagerly chased up the price this week of Milbury Construction, in which St Piran holds 86 per cent, from 48p to 56p. The theory is that when the Gasco bid for St Piran collapses it will be forced to sell the excess of its 37 per cent holding cheaply, thereby allowing in another bidder for St Piran.

Beechams retreated 1p to 109p and Courtalds, where the market is looking for a maintained dividend and bullish statement, remained unchanged at 69p.

Others unchanged included ICI at 350p, Glaxo at 182p and Unilever at 411p. But falls of 3p were noted in Fisons at 172p, Pilkington Bros, reporting next month, slipped 5p to 188p. Shares of Dunlop were again offered at 73p with Far

Eastern buying again evident. But with the market retreating the buying soon dried up and the shares eased 2p to 71p.

Oil encountered profit-taking as the account draws to a close and the speculators attempt to square their books. However, dealers were still able to report strong demand throughout the rest. Among the majors, BP dipped 6p to 344p amid further persistent selling from the United States. Ultramar also fell by 6p to 344p and Shell by 4p to 349p.

Lasmo also encountered profit-taking, with a fall of 8p to 653p, accompanied by Trelcentral, 4p off at 344p, Siebens 10p at 890p and Clyde at 560p. Those moving against the trend included Carless Capel 1p to 133p and Pict Petroleum 20p to 380p as press comment helped Oil Search 2p to 16p.

Weeks Petroleum attracted speculative support, rising 30p to 245p, which in turn benefited National Carbide, with a large stake, up 7p to 117p.

News of a cash-call to shareholders for £3.83m, knocked 7p from Brown & Jackson at 135p. The announcement of cash raising from its Dutch parent following recent finan-

cial problems left British Enkalon unchanged at 81p.

Other dull spots included Negretti & Zambra, down 6p to 40p, Gripperolds 10p to 172p, Broke St Bureau 2p to 58p, E. Austin 13p to 120p and Alpine Holdings 9p to 57p.

BPC retreated another 1p to 17p following the profits warn-

Shares of British Home Stores tumbled 8p to 264p yesterday, dragging the rest of the stores sector with it. The official reason was the latest retail sales. The unofficial reason was a badly handled sale by one broker of 15,000 shares which soon cooled around the rest of the market.

ing earlier in the week, but Letraset recovered 5p at 119p. The chairman's decision to retire following the AGM and sell his stake saw Thomson T-Line gain 2p at 68p.

After an absence of eight years, Lanca, formerly Lancashire Handbag, returned from suspension at 33p.

A disappointing batch of trading news among companies reporting saw Bass dip 4p to 218p and Tate & Lyle shed a similar amount after profits below expectations. An interim loss and no dividend saw 5p wiped from Caravan. Inter-

national at 33p while Spring Grove plunged 11p to 84p after the group expressed doubts of matching its profits forecast.

Interim figures from Stag Line were well received and the shares advanced 2p to 165p. But the opposite was the case for Headlam, Sims and Coggin at 42p and Brent Chemicals at 142p, both 2p off.

Equity turnover on May 27 was 599,998m (12,373 bargains). Active stocks yesterday, according to the Exchange Telegraph, were, ICI, GEC, Unilever, Shell, Britannia Arrow, Anderson Strathclyde, BAT, Lasmo, Burmah, Associated Dairies, Electrocomponents, Barclays, Charterhouse, BPC and BICC.

### Latest results

Company	Sales £m	Profits £m	Earnings per share	Div pence	Pay date	Year's total
Int or Fin						
Assoc Sprayers (I)	3.4(2.9)	0.0(0.18)	6.3(9.2)	4.0(7.8)	10	4.0(7.8)
Barlows Ltd (F)	—	0.0(0.04)	3.4(5.72)	3.6(3.6)	—	—
Barrow Milling (I)	11.3(11.3)	0.14(0.23)	12.3(12.6)	2.3(2.1)	16	—
Bass (I)	663.0(589.0)	50.1(44.3)	31.4(61.9)	3.9(5.3)	31	12.2(9.8)
Caravans Int (I)	38.29(34.86)	0.30(0.28)	—	1.2(1.0)	13	4.2(—)
Alfred Dunhill (F)	65.5(62.6)	6.4(10.75)	26.3(17.0)	1.3(1.1)	23	—
Gen Stockholders (I)	—	—	2.35(0.3)	2.2(2.7)	—	—
Jackson Grp (F)	14.5(10.7)	0.67(0.33)	0.07(0.01)	1.4(1.1)	30	2.4(1.8)
Janitor (F)	—	0.07(0.01)	—	0.9(0.7)	23	1.5(1.6)
M & G Dual Trst (F)	—	1.0(0.86)	2.51(1.9)	1.3(—)	25	—
Monks Int Trst (F)	—	2.9(2.4)	2.11(1.85)	0.42(0.38)	—	—
New Throg Trst (F)	—	1.2(1.0)	5.8(39.1)	4.0(—)	—	—
Spring Grv Servs (I)	11.70(9.67)	1.54(1.30)	—	—	—	—
Southend Stadium (F)	0.58(0.54)	0.14(0.13)	—	—	—	—
Star Line (I)	1.7(1.0)	0.12(0.45)	9.3(39.1)	—	—	—
Tate & Lyle (I)	634.3(541.3)	9.2(11.2)	—	—	—	—

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News are shown on a gross basis. To establish gross multiple net dividend by 1.428. Profits are shown pre-tax and earnings are net. \*—loss. † includes special dividend. ‡—Irish pounds.

## Lloyds & Scottish in placing to raise £13m

By Roman Eisenstein, Banking Correspondent

Lloyds & Scottish is raising £13.8m by placing 10.95m shares with its two main shareholders, Lloyds Bank and Royal Bank of Scotland at 126p a share. The money is to help complete the purchase for \$32.75m of James Talcott Factors, a subsidiary of Talcott National Corporation of the United States.

Lloyds Bank and the Royal Bank of Scotland own between them 39.22 per cent of the Lloyds and Scottish equity. The two banks and Lloyds and Scottish have made arrangements to enable other shareholders to participate in the new share issue and 2.26m shares are being made avail-

able for that purpose. Shareholders other than the banks will be able to take up one new share every ten shares held at 126p each. This is the first time that existing shareholders have taken on what is effectively a rights issue and agree to pass on a proportion of the new shares on the same terms to other shareholders.

The agreement is that Lloyds and Scottish will take over James Talcott Factors with tangible assets of about \$20m. For the year to last September, Talcott made pre-tax and before interest profits of \$17.9m equivalent had it been run along the lines intended by Lloyds and Scottish to net profits of \$7.75m.

Folkestone and District Water Company: Offer for sale of 50p of £2.5m 10 per cent redeemable preference stock, 1983, minimum price of issue—£100 per £100 stock. The issue attracted applications for 56.96m of stock. The lowest price to receive a partial allotment was £101.36. The average price obtained was £101.63. North Surrey Water Company: Offer for sale by tender of £2m 10 per cent redeemable preference stock, 1983, minimum price of issue—£100 per £100 stock. The issue attracted applications for 53.89m of stock. The lowest price to receive a partial allotment was £101.36. The average price obtained was £101.64. Dealings in both stocks will commence on May 29, 1980. Brokers to both issues were Seymour, Pierce & Co.

Gramplan Television, the independent contractor for North Scotland, is "in good heart" and chairman, Mr. Iain Tennant, is "reasonably confident" about this year's results. The group is developing new techniques, planning new facilities and extending the range of its programmes. He tells shareholders in his annual report. It is well-equipped for "the adventure of the eighties". Headlam, Sims & Coggin: Pre-tax profits for year to Jan 31 fell from £438,000 to £385,000.

John Mendes (Holdings): Sales for 13 weeks to May 3 are 25 per cent up on last year. Chairman told annual meeting. First six months' profits may show a "small reduction", but the year's profits are still expected to show an increase over last year.

Berrams: Turnover for half-year to March 30, £166m (£166m). Loss, £48,000 (profit, £78,000). No interim dividend (against 1.49p gross last time).

### Briefly

Dubilier's purchase of Flight Connector Corporation of California is to be financed partly by the issue of two million new ordinary shares of Dubilier at 46p a share and partly by a seven-year Euro-dollar loan of \$2.15m (US). The new million new Dubilier shares are to be placed directly with institutional investors in London.

M & G Second Dm Trust: Pre-tax profits for year to May 31 up from £861,000 to £1m. Total gross dividend raised from 8.64p to 10p. Sun Alliance and London Insurance: Chairman told the annual meeting that underwriting so far this year appears to have met similar conditions to those of company's competitors and, in the absence of severe weather, the results have shown some improvement on 1979. Investment income showed good growth in first quarter.

Associated Sprayers: Sales for half-year to February 29 up from £2.94m to £3.43m. Pre-tax profit rose to £215,000 (£187,000). Interim dividend is unchanged.

John Laing: Sir Maurice Laing, chairman, reports in his annual statement that further cuts in Government capital expenditure on construction are unlikely to be made up by equal increases in the private sector and it is expected that overall the construction market will drop even further in 1980-81. However, there are signs that this will not apply in the civil engineering market where there may be a modest rise in volume.

## RTZ challenge to critics of Rossing mine

By Michael Prest

Rio Tinto-Zinc, the international mining giant, has issued an invitation to its critics to visit the controversial Rossing uranium mine in Namibia. It is also understood that the company has until February 16, 1981, to decide whether to proceed with developing the Cerrro Colorado copper deposit in Panama.

Speaking yesterday at an unusually quiet annual meeting, Sir Mark Turner, RTZ's chairman, said: "I am convinced that if those people in responsible positions, who continue to make unfounded allegations about conditions there, were willing to accept an invitation to visit Rossing and judge it in good faith they would find the situation there startlingly different from the one they are constantly asserting."

Sir Mark also announced that he will retire after next year's AGM and will be succeeded by Sir Anthony Tuke, chairman of Barclays Bank. Mr. Alistair Frame will continue as chief executive.

Mr. Frame confirms details about the Cerrro project published in a mania press were accurate. The reports, RTZ and associates, 49 per cent of the mine, are in the hands of a government agency.

The reports added, will pay \$5.3m to Taca American company interested in the mine. Interests are to be between \$10m and \$40m. RTZ and associates, 49 per cent of the mine, are in the hands of a government agency.

During the last two metal prices have fallen some cases to below average. This could be good results from the first quarter.

## Six month loss at Caravans International

By Peter Wainwright

Caravans are a cyclical business and Caravans International's larger maker with about 15 per cent of the market, is suffering from recession and has again lost money.

In the six months to February 29, the group managed to raise sales by nearly 10 per cent to £38.3m, but after heavier depreciation and a 32 per cent increase in interest charges to £638,300, pre-tax profits of £283,400 gave way to losses of £302,200. In the last slump, the half year to February 1975, losses were £365,000.

Caravans has subsidiaries abroad and the tax charge went down only from £343,400 to £238,900—the German company had losses which could not be offset. So net profits of just £161,400 are replaced by losses of £130,800.

These losses would have been £356,300 smaller but for redundancy costs and industrial

trouble at the N plant. Caravans does no business in the sea and should, on a swing strongly back. But the key June sales months have begun and the group of prophesy.

However, it does Europe should be black while South should go further at. More importantly, has passed the interim and it is not yet clear it will do more than final to keep status.

It would, however, suggest that Caravans dire straits. At the August, when the last year ended, the group of £130,800, an investment in "shareholders" £14.3m. Now these probably £7m or so.

**Micam**  
is concerned now  
with your requirements

Our office, arranged for this purpose is now concern your requirements of travel, stay and accommodation in Bologna in view of the twelfth MICAM scheduled September 5th through 8th 1980.

We shall do everything in our power to prepare the organization of all those services and facilities that can assist efficiently our visitors. Please do not hesitate to contact us for all information might need in this connection.

You can contact us either in writing or through the telephone ANCI-MICAM - 1, Via Dogana - 20123 Milano Telephone: 02-809721 - Telex 320018 AN

## PHOENIX ASSURANCE COMPANY LIMITED

### ESTIMATED RESULTS TO 31st MARCH 1980

The following are the estimated and unaudited results of the Phoenix group of companies for the three months ended 31st March, 1980 with the comparative figures for the corresponding period in 1979 and actual results for the full year 1979.

	3 months to 31.3.80	3 months to 31.3.79	Year 1979
	£m	£m	£m
Net premiums written: General (fire, accident, marine and aviation)	95.5	91.5	355.9
Investment income	12.0	11.5	45.3
Underwriting results:			
General	-5.6	-6.4	-14.1
Long-term	0.8	0.5	3.1
	7.2	5.6	34.3
Less expenses not charged to other accounts	0.5	0.4	2.2
Profit before taxation	6.7	5.2	32.1
Less: Taxation	2.2	1.5	11.4
Minority interests	1.0	0.8	2.3
Net profit	3.5	2.9	18.4
Earnings per share	5.7p	4.8p	30.4p

In converting US dollar transactions for the 3 months to 31st March, 1980 a rate of \$2.16 has been used (£2.07 for the 3 months to 31st March, 1979 and \$2.22 for the year 1979).

### NEW LONG-TERM BUSINESS

	3 months to 31.3.80	3 months to 31.3.79	Year 1979
	£m	£m	£m
Sums assured	518.6	391.3	2,006.4
Annuities per annum	5.6	3.9	20.9
Annual premiums	5.0	3.4	17.5
Single premiums	7.1	6.7	26.9

### Chairman's Comments

At the annual general meeting of the company held today, Mr. Jocelyn Hamlin, Chairman, included in his remarks the following comments on the results for the three months ended 31st March, 1980.

"The pre-tax profit has increased by 29 to £6.7 million.

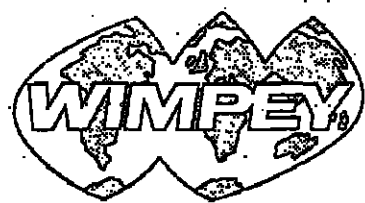
"This improvement has been achieved despite the adverse impact of currency fluctuations on our published figures, notably from certain European countries important to us, including Denmark where the year on year depreciation of the krone has exceeded 20%. An 11% increase in general premium becomes a 4% increase when converted to sterling. Likewise, an investment income growth rate of 13% in currency becomes 4% in sterling.

"The general business underwriting loss shows an overall reduction from £6.4 million to £5.6 million. There has been some improvement in the United Kingdom despite inflation and our involvement of £1 million in the British Aerospace loss. Europe too has improved, mainly in Denmark and the Netherlands. However, as widely forecast, United States results have deteriorated and the group suffered an underwriting loss of £1.1 million (operating ratio 104.6) compared with a virtual break-even (operating ratio 97.9) for the corresponding period of 1979."

The Chairman went on to say, "We always emphasise that one quarter's results cannot be taken as a reliable guide to results for the full year. In my statement for the year 1979 I expressed some hope for a return to a more normal pattern of losses. It is too early to say whether this will be so for the year 1980 as a whole."

"Finally it is particularly gratifying that the excellent record of life new business production achieved in 1979 has continued into the first quarter and we are looking forward to another good year from that department."

1880 WIMPEY 1980



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FINANCIAL NEWS

# Medical profits top £2m

ne Gunn Medical Enterprises, which has a 50 per cent share in the Middle East, is planning to expand its operations in the region. The company is currently in the process of raising £10m to finance its expansion. It is also planning to open new hospitals in the Middle East. The company is currently in the process of raising £10m to finance its expansion. It is also planning to open new hospitals in the Middle East.

received, less paid, totalled £292,000, against a £14,000 charge in 1978. Mr. Christopher Chataway, UME's chairman, said the company was planning to expand its operations in the region. The company is currently in the process of raising £10m to finance its expansion. It is also planning to open new hospitals in the Middle East.

fast. It has 8 contracts in the United Arab Emirates, and also operates in Jordan, Nigeria and the Ivory Coast. It has just ventured into Uganda, having established a method of advising governments of what aid is available for such projects, and doing the paperwork. Now it would like to use up its cash in expanding into Europe.



Mr Christopher Chataway, chairman of UME

## Phoenix faces problems in the US

By Our Financial Staff  
The first-quarter results to March 31, 1980 of Phoenix Assurance, announced by Mr. Jocelyn Hambro the chairman at yesterday's annual meeting, are not particularly encouraging, although group underwriting losses are down and profits before tax up by 28.8 per cent at £6.7m. Mr. Hambro warns that these results were not a reliable guide for the rest of 1980.

Trouble is brewing in the United States, where roughly one-fifth of Phoenix's business is transacted. The downturn there is beginning to bite. From more-or-less breaking even there a year earlier, Phoenix was bearing a £1.1m underwriting loss at the end of March 1980. With the United States decline likely to worsen, losses over there could deepen.

In the United Kingdom, the growth of Phoenix's investment income was below expectations—just £500,000 to £12m. But underwriting losses were down from £6.4m to £5.6m. The group sustained a £1m loss from the British Aerospace fire at Weybridge. The total estimated cost, billed as Britain's "biggest ever" by Mr. Hambro, is above £70m.

However, business was slightly better in Britain. In Europe, things went particularly well in Holland and Denmark. But the strength of sterling reduced the value of overseas premiums and income. The outlook for the full year is confused. Some observers expect underwriting losses to increase from last year's £14.1m. The shares, however, rose 3p to 220p after the announcement.

**Liton Industries**  
The third quarter of Liton Industries, which ended April 30, showed a net profit of £74.26m against £51.91m in the previous similar quarter. Sales were £1.14bn against £1.07bn. The shares, however, rose 3p to 220p after the announcement.

## Dramatic rise in Renault profits

Regie Nationale des Usines Renault yesterday reported consolidated net profits of 1,020m francs (£236m) in 1979, a dramatic increase on the profits of 10m francs the year before. Parent company net profits were 469.7m francs, up from 138.8m, after payment to the state of 129.3m francs.

Renault said the strong expansion of the group's activities in 1979, which was responsible for the considerably improved earnings performance, had continued during the first four months of this year. Sales of the parent company

### International

last year were 24,740m francs, an increase of 23.3 per cent on the 1978 total of 20,010m. Renault produced 1.8 million cars and light goods vehicles worldwide last year, an increase of 10.5 per cent on 1978.

The group accounted for 12.9 per cent of car sales in the European Economic Community last year and had more sales than any other European car company.

Renault said that during the first four months of this year it had managed to widen its EEC market share to almost 15 per cent. Renault's share of the French car market was 35 per cent in 1979, and by the end of April this year it had risen to 42.5 per cent. Renault said there had been a considerable improvement in the financial situation of its truck-building division, Renault Vehicules Industriels (RVI), last year.

**Kredietbank**  
Kredietbank, Belgium's third largest bank, has announced a 5 per cent increase in net profits for the year ending March 31 to 1,735bn Belgian francs (about £24.6bn). The bank also said that it was boosting the dividend by Fr25 to Fr335 per share.

Kredietbank's turnover rose by 14.6 per cent to Fr430bn, up Fr55bn from the previous year. Kredietbank is considered perhaps the fastest growing bank in Belgium, with more than 700 branches and 8,500 employees, mainly in the prosperous Flemish regions.

**IDB Bankholding**  
IDB Bankholding Corporation of New York says it plans to raise \$23m (about £5.5m) or 1bn Israeli pounds through two offerings in Israel. The offering will consist of four common shares, nominally valued at 20 Israeli pounds each, and a warrant to buy one share. The four shares will be offered at 360 per cent of total nominal value. Each warrant, which will be issued at a price of 72 Israeli pounds, will give the holder the right to buy one share of common from August 1, 1980 to February 1, 1982, for an additional 72 pounds.

**Mannesmann**  
The Mannesmann world group had a 1979 net profit of DM37.9m (about £8.7m) against DM32.1m in the previous year. World group turnover was DM2.59bn (DM2.32bn). Parent company turnover was DM2.21bn (DM2.01bn).

## Alfred Isaac

subsidiary, Alfred Isaac, is planning to expand its operations in the region. The company is currently in the process of raising £10m to finance its expansion. It is also planning to open new hospitals in the Middle East.

## T-Line share stake on offer

Mr David Thomson, chairman of Thomson T-Line Caravans, is looking for a buyer for his controlling stake in the group. At the group's annual meeting yesterday Mr. Thomson—who pointed out he had passed normal retiring age—said he believed the group's next stage of development should be in other hands and was now looking for a buyer for the 60 per cent stake controlled by him and his family interests.

The buyer of the stake—worth about £670,000 at yesterday's market levels—would then be invited to extend the offer to remaining shareholders. Thomson suffered losses last year of £272,000 before tax.

## Big expansion in France by Granada

Granada Group's subsidiary in France, Nova-Tel SA, has acquired 80 per cent of the share capital of Telebank-France SA. The share capital was acquired for cash and together with Telebank's bank borrowings the total cost was £3.3m. Telebank was a subsidiary of Oceanic SA, which in turn is owned by IIT Inc. Telebank carries on the business of renting television sets to hotels and hospitals in France and at the date of acquisition had about 33,000 units on rental.

## First-half losses slashed at Stag Line

After a £1.3m turnaround into the red in 1978-79, Stag Line, a Tyne and Wear-based shipping group, managed to cut its losses in the six months to April 30 last. Turnover jumped by 60 per cent to £1.7m, on which Stag made a pre-tax loss of £121,000—only a quarter of the £483,000 deficit made in the similar period last year. In the year to Oct 31, 1979, this group tumbled from a pre-tax profit of £619,000 to a loss of £689,000 on virtually unchanged turnover.

The board expects that, if current freight rates are maintained, the full year could show a modest profit, after depreciation and loan interest. It also expects to pay a dividend of 5p net, or 7.14p gross, as it did for last year.

## & Jackson

### Moving on from minnows

Jackson is preparing to take a slump. Yesterday the group, which has a 50 per cent share in the Middle East, is planning to expand its operations in the region. The company is currently in the process of raising £10m to finance its expansion. It is also planning to open new hospitals in the Middle East.

the share peaked at 302p, equal to about £12 a share before the scrip. But it has come a long way down since then. Jon King (Commodities), a Jersey-based company believed to be backed by a Californian investor, sold out at virtually the top of the market last July. It is understood that he bought a 21.48 per cent stake for £180,000 and sold to a variety of institutions for about £2.25m.

Jon King bought his stake at the same time as the Brown family sold a 27.4 per cent stake to Fraser & Neave, a supplier of pressings to the engineering industry, for which Mr. Duffy and Mr. Bailey worked as consultants.

As a result both were elected to the board and took over as joint chairmen early in 1977. They spent the first 18 months sorting out Brown & Jackson, at that time a small builder and civil engineering contractor which had taken on some contracts at a loss to keep the 800 or so Lancashire employees in work.

Their first two acquisitions, both in March 1978, were still in the building industry. But in the same month they bought the sister companies of E & G Harris and Edward Benson (Wholesale), the company's first significant move away from construction and into marketing and distribution.

Philip Robinson

# Commonwealth Development Corporation

Another successful year, demonstrating yet again that investment in the developing countries not only brings substantial benefits to those countries but can also yield a reasonable return on the money invested.

Record new commitments of £83 million in 1979 brought total CDC commitments to £449 million in 45 countries.

Nearly 90% of new commitments were in the poorer countries. Some 60% went to agricultural and forestry projects; electricity and water supplies, housing and factory development, mining and industry accounted for the balance.

The United Kingdom, as well as developing countries, benefits from CDC's overseas investments, which improve the balance of payments through an increased flow of earnings and which in many cases provide opportunities for British exporters to supply projects with capital goods and components.

CDC investment in overseas projects is helping to produce raw materials and foodstuffs essential to maintain the economies of the industrialised countries. The developing countries are thereby assisted to earn much-needed foreign exchange, thus enabling them to purchase goods and services from the industrialised nations—evidencing the inter-dependence of nations.

1979 results	1979 £million	1978 £million
Operating surplus	31.6	26.6
Surplus before tax	12.1	10.3
Appropriation to General Reserve	5.7	6.6

CDC is an economical and cost-effective organisation which offers management for the implementation of projects as well as investment. It gives priority to projects which encourage self-reliance and which motivate people to better themselves through their own efforts. It is accountable to Parliament and subject to the discipline of the profit-and-loss account. Its main sources of finance, besides its own surpluses, are its borrowings from the

British Government. Prospects of maintaining the momentum of its operations are currently clouded by the economic circumstances of the United Kingdom and the consequent uncertainty about the level of future British Government allocations.

CDC's Annual Report and Statement of Accounts 1979 is available from Government Bookshops and HMSO Government Publications Agents, Price £3.50.



Commonwealth Development Corporation  
33 HILL STREET LONDON W1A 3AR

## Base rates

Bank of England	17%
Bank of Ireland	17%
Bank of Scotland	17%
Bank of Wales	17%
Bank of Cyprus	17%
Bank of Greece	17%
Bank of Italy	17%
Bank of Japan	17%
Bank of Korea	17%
Bank of Malaysia	17%
Bank of New Zealand	17%
Bank of Norway	17%
Bank of Sweden	17%
Bank of Switzerland	17%
Bank of Taiwan	17%
Bank of Thailand	17%
Bank of Turkey	17%
Bank of the Philippines	17%
Bank of the Netherlands	17%
Bank of the United States	17%
Bank of the United Kingdom	17%

## J. H. Nightingale & Co. Limited

London EC3R 8EB Telephone 01-621 1212

## Over-the-Counter Market

Company	Price	Ch'st	Gross Divid	Yld %	P.E.
irsprung Group	62	-1	6.7	10.8	*3.7
rmitage & Rhodes	34	-	3.8	11.2	*2.2
ardon Hill	277	+1	13.8	5.0	*8.1
ounty Cars Pref	73	-	15.3	19.6	-
eborah Ord	93	-	5.0	5.4	10.2
unk, Forsell	123	-	7.9	6.4	7.6
ederick Parker	98	-	12.8	13.1	*4.5
orge Blair	105	-	16.5	15.7	-
ickson Group	73	-	5.2	7.1	*4.3
mes Burrough	105	-	7.2	6.9	9.2
obert Jenkins	297	-	31.3	10.5	*5.9
riday Limited	225	-	14.3	6.4	*2.5
vinlock Ord	13	-	0.8	6.5	-
vinlock 12% ULS	72	-	12.0	16.7	-
vinlock Holdings	48	-	2.6	5.4	10.2
vinlock Holdings New	45	-	2.6	5.4	10.2
alter Alexander	92	-1	4.4	4.7	6.1
S. Yeates	210	-	12.1	5.8	*3.4

Prepared under provision of SSAP15.



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